FINANCE & ECONOMIC DEVELOPMENT COMMITTEE
TUESDAY, APRIL 27, 2021
8:30 A.M.
REMOTE ATTENDANCE

To comply with Governor Inslee's Proclamation 20-28, the Finance & Economic Development Committee meeting will be conducted remotely, not in person. However, you may view the meeting by watching live through Zoom.

Link: https://us02web.zoom.us/j/83015755521

The public may also listen to the meeting via telephone by dialing toll-free:

(888) 788-0099 or **(877) 853-5247** – when prompted, enter Webinar ID: **830 1575 5521** press # (participant ID not required)

SCALE UP PROGRAM
RICK WALK, COMMUNITY & ECONOMIC DEVELOPMENT DIRECTOR
(STAFF REPORT)

MULTI-FAMILY TAX EXEMPTION PROGRAM OVERVIEW
RICK WALK, COMMUNITY & ECONOMIC DEVELOPMENT DIRECTOR
SARAH SCHELLING, ASSOCIATE PLANNER
(STAFF REPORT)

WORKFORCE CONSIDERATIONS
SCOTT SPENCE, CITY MANAGER
(DISCUSSION)

FINANCE & ECONOMIC DEVELOPMENT COUNCIL
April 27, 2021

SUBJECT: **ScaleUp Program Briefing**

RECOMMENDATION: **No action requested.**

STAFF CONTACT: Scott Spence, City Manager SS
Rick Walk, Community and Economic Department Director RW
Wesley Nguyen, Economic Development Coordinator

ORIGINATED BY: Community and Economic Development Department

ATTACHMENTS: 1. No Attachments

FISCAL NOTE: No impact to City budget.

PRIOR REVIEW:

BACKGROUND:

The Thurston Economic Development Council (EDC) Center for Business Innovation (CBI) historically has provided ScaleUp business training programs to Thurston County businesses through contract funding from the Small Business Administration. In 2017, the SBA funding for the ScaleUp program was cut. To ensure local businesses had access to training that can help provide them skills to operate, maintain and potentially expand their business, the City of Lacey established an annual fund of $30,000 to provide scholarships to City of Lacey and Lacey UGA businesses to participate in the training. This kept the ScaleUp program alive in Thurston County. The following year, the cities of Olympia and Tumwater followed suit and provided scholarships to their businesses.

In accordance with the annual contract, $2,000 is for management and reporting on the program and $28,000 is used for providing the tuition scholarships. The cost of the ScaleUp training series is $800 for the full training program scholarship (3 courses), $650 for 2 courses, and $425 for 1 course.

To date, 48 City of Lacey and Lacey UGA businesses, representing 49 people have completed the ScaleUp training program.

In 2021, the Washington State Department of Commerce will be funding the ScaleUp programs across the state for the next three years. This funding decision by the State creates an opportunity for the Thurston EDC and the City of Lacey to expand the ScaleUp Program. Since the basic ScaleUp series will be funded by Commerce, we have the opportunity to use the City's scholarship funds to provide upper level training to businesses that have completed the basic ScaleUp courses.

The newly created 200 series of the ScaleUp Training Program will consist of three four-session workshops. The workshops can be taken in succession, or separately. Each class session will last approximately 3 ½ hours, for a total of 14 hours per workshop, and 42 hours for the entire series. A summary of the 200 series program is as follows:

The ScaleUp 212 Series will be the additional training that helps ScaleUp participants maintain professional and business development. This series takes a deeper dive into the lessons learned from the ScaleUp training series. These instructor led courses provide advanced training in small business finance, next gen marketing, and small business operations and automation.

- **Financial Mastery 212-**
  Financial Mastery is designed to equip owners with the skills necessary to understand how to interpret their financial statements and create strategies to maximize their bottom line. This advanced course teaches participants how to fully understand what's happening in their business, and identify ways to limit expenses and fund business growth.

- **Build Your Market 212-**
  This course puts action to the concepts and findings learned from Financial Mastery. Participants in Build Your Market examine the efforts and investments being expended to increase visibility and credibility, and help frame the thought process around market alignment and effective outreach. In addition to improving marketing efficiency, Build Your Market will examine the businesses value proposition and work through the process of creating a better product, one that can take advantage of operational efficiencies inherent to the business.

- **Business TuneUp 212-**
  TuneUp is all about strategy and execution. This course is the capstone to the ScaleUp series and ties all the technical aspects together. Drawing from the ScaleUp Statewide program and building on Financial Mastery and Build Your Market. TuneUp shows participants how to design and build systems, and establish employee relationships so they can really leverage their team, and how to effectively manage the overall results of their business to make sure it is on track to reaching its vision. This course is about training the participant to think outside of the box and positioning the business to seize and implement new opportunities.

To realize this opportunity to provide additional resources to our local business community, City staff is working with the Thurston EDC to amend the annual contract to recognize the new curriculum being developed by the EDC.

The briefing for the City Council Finance and Economic Development Committee is to provide an update to the Committee on the ScaleUp program, opportunities for expanding the program, and to introduce Sean Moore, Manager of the Business and Innovation Center and James Davis, Business Development Manager.

Shaping our community together

CITY OF LACEY

Finance Committee
April 27, 2021

SUBJECT:	**Multi – Family Tax Exemption Program**
RECOMMENDATION:	**Briefing on the Multi – Family Tax Exemption Program adopted by ordinance in 2014 (Lacey Municipal Code Chapter 3.64)**
STAFF CONTACT:	Scott Spence, City Manager Rick Walk, Director of Community Development Sarah Schelling, Associate Planner
ORIGINATED BY:	Community Development Department
ATTACHMENTS:	1. Chapter 3.64 Multi-Family Tax Exemption Program 2. 6th Avenue Residential Elevation 3. Woodland District Strategic Plan Recommended Action Summary
FISCAL NOTE:	
PRIOR REVIEW:	December 18, 2014 City Council – Adoption of Ordinance # - Multifamily Tax Exemption Program

BACKGROUND:

A focus of the City of Lacey over the last 20 years has been to promote multi-family residential development within the Woodland District. This focus was highlighted by the Downtown 2000 plan by identifying the need for high density residential to locate within the district as one component to achieve a vibrant, prosperous mixed-use district. Since the adoption of the plan in 2000, one residential project, called 6th Avenue Place, was developed on 6th Avenue totaling 100 multi-family units.

In 2013, the City undertook a second planning effort focusing on the Woodland District. Called the Woodland District Strategic Plan, this effort was focused on identifying strategic steps the community could take to realize and build on the vision of the Downtown 2000 plan. The strategic plan identified the need to promote additional housing within the District. The plan identified the district has capacity to support approximately 1,000 multi-family units over the next 20 years.

However, the market study associated with the strategic plan acknowledged that there would be a financial challenge to develop high density residential in the district to meet competitive market rates due to land and construction cost. The Strategic Plan identified 25 actions items to facilitate re-investment to create a diverse and dense urban center. Specific to achieving the residential goals, the Multi-family Tax Exemption Program (action item 2.2) was identified as a specific action item the City should utilize to facilitate additional residential development within the district. Attachment 3 is a summary of the 25 recommended actions and their status.

RCW 84.14 Multi-Family Tax Exemption Program: The Multi-family Tax Exemption Program is a program created by the State Legislature and enumerated in RCW 84.14. The purpose is to encourage increased residential opportunities, including affordable housing, through new construction and rehabilitation of existing buildings located within the urban centers of cities planning under the GMA. When the tax exemption program was first adopted by the Washington State legislature in 1995, only three cities were eligible; those with populations of 150,000 or more (Seattle, Tacoma and Spokane). Three subsequent amendments to RCW 84.14 reduced the minimum city size to provide opportunities to a higher number of cities in the state that are planning under the GMA. The program was last amended in 2007, reducing the eligible city size to a population of 15,000 allowing more than 90 cities across the state to participate in the program. A summary of the basic tenants of RCW 84.14 is as follows:

1. Cities eligible to offer the multi-unit housing property tax exemption are those with a population of at least 15,000 people.
2. The program exempts the value of new housing construction, conversion, and rehabilitation improvements qualifying under RCW 84.14 from ad valorem property taxation. The exemption applies to all levies assessed by taxing districts.
3. Participating cities may offer a 12-year tax exemption if the developer chooses to build, develop, or rehabilitate at least 20 percent of the units as affordable housing; Developers choosing not to include affordable housing receive only eight years of tax exemption.
4. New, rehabilitated or converted multifamily housing projects in targeted residential areas are eligible for the property tax exemption. The property tax exemption may be applied to new housing construction and the increased value of building due to rehabilitation. The exemption does not apply to the land or the non-housing related improvements

5. If the property changes use before the end of the exemption period, or no longer complies with guidelines established by the city for participation in the tax exemption program, then back taxes are recovered based on the difference between the taxes paid and taxes that would have been paid without the tax exemption program.
6. All projects receiving tax exemption must be multiple-unit housing of four or more units that are located in a residential targeted area as designated by the City. The housing must meet guidelines as adopted by the city which may include density, size, parking, low income occupancy and other adopted requirements. At least fifty percent of the space must be for permanent residential occupancy. New construction must be completed within three years of the application's approval unless an extension of up to two years has been authorized by the local jurisdiction. The property to be rehabilitated must be vacant at least 12 months prior to application. The applicant must enter into a contract with the city to agree to terms and conditions.
7. All cities issuing tax exemptions must report annually to the Department of Commerce regarding tax exempt properties. The annual report must include the following:
    a) Total number of tax exemptions granted and the total value of those exemptions;
    b) Total number of units produced and the total development cost of each unit;
    c) Total monthly rent of each unit or the total sale price of each unit;
    d) Income of each renter at occupancy of a rental unit, and the income of each initial purchaser of a homeownership unit if the project is using the 12-year exemption with at least 20 percent of its units rented or sold to income-eligible tenants.

Establishing a Multi-Family Exemption Program: To establish a multi-family tax exemption program, a local jurisdiction must designate a residential targeted area. The criteria of a residential target area include:

1. The area must be within an urban center,
2. The area must lack available, desirable, convenient housing.
3. Providing additional housing will achieve the state purpose of RCW 84.14.

The primary purpose of RCW 84.14 is to encourage increased residential opportunities in cities required to plan under the GMA within urban centers where there is insufficient housing opportunities. As indicated by the Urban Corridor Task Force and the Woodland District Strategic Plan, the Woodland District meets the purpose of RCW 84.14.

Effect of Tax Exemption: The multi-family tax exemption program exempts the ad valorem tax specific to the value of new housing construction and the increase value of housing rehabilitation. The tax exemption would not apply to the ad valorem tax on land value or improvements not related to housing. For example, the value of the commercial space within a mixed-used residential building would not be exempt from ad valorem tax. The tax exemption would be for a period of eight years or twelve years if the developer commits to reserve 20% of the units for moderate to low income residents (80% of median family income adjusted for family size).

To qualify, a developer will need to apply for tax exemption prior to the start of construction of the residential units. In essence, the program delays the collection of future revenues for a period of eight or twelve years. The benefit is the strong potential to spur additional redevelopment in the urban center increasing the tax revenues as a whole. Once the tax exemption expires then the owners of the residential projects would be subject to ad valorem taxes based on current market rate assessments.

Following a public hearing on the project, the Lacey City Council, on December 18, 2014 adopted ordinance number 1452, which identified the requirements for a Multi-Family Tax Exemption program and designated Lacey Mid-town (formerly the Woodland District) as a Residential Target Area as defined by RCW 84.14. Adoption of the ordinance provided an incentive for property owners and developers to construct new multi-family and new or redeveloped mixed use buildings within the target area, helping to achieve the goals set for the district to become a vibrant, prosperous mixed use district.

Current Application and Council Role:
On March 9, 2021, the City issued land use approval to DM Ventures Woodland Inc., for the development of a 151 unit, multi-story apartment building with a ground floor tap room at 4402 6th Ave SE. The developer has since (on April 8th, 2021) submitted a Multi-Family Tax Exemption application, and seeks approval to receive the eight-year exemption. This is the first application for the program that the City has received since adopting the ordinance and developing the program.

The application will be reviewed by the Community and Economic Development Department to ensure that all submittals are in order and that the application and project meet the requirements of the program. Approval is granted by the department and the proponent then enters into a contract with the Lacey City Council. The contract will stipulate the terms and conditions of the program.

The City has 90 days to issue an approval of the application from the time of complete application. The application submitted by DM Ventures is currently under review.

At the committee meeting, staff will provide a briefing on the 6th Avenue Residential Program, the MFTE program, overview of the application process and respond to committee member questions.

Chapter 3.64
MULTIFAMILY TAX EXEMPTION PROGRAM

Sections:

3.64.010 Purpose.

A. As provided for in Chapter 84.14 RCW, the purpose of this chapter is to provide limited, eight- or twelve-year exemptions from ad valorem property taxation for qualified new multifamily housing located in designated residential targeted areas.

B. To promote and incentivize the development, and redevelopment, of a balanced socio-economic mix of housing within the residential target area as a catalyst for additional investment and development of land uses that creates a vibrant, urban mixed use district. (Ord. 1452 §1 (part), 2014).

3.64.020 Definitions.

For the purposes of this chapter, the following definitions shall apply:

A. “Administrator” means the director of the city of Lacey community development department or designee assigned to carry out this chapter.

B. “Affordable housing” means residential housing that is rented by a person or household whose monthly housing costs, including utilities other than telephone, do not exceed thirty percent 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 low- or moderate-income households.

C. “Household” means a single person, family, or unrelated persons living together.

D. “Low-income household” means a single person, family, or unrelated persons living together whose adjusted income is at or below eighty percent of the median family income adjusted for family size, for the county where the project is located, as reported by the United States Department of Housing and Urban Development.

E. “Moderate-income household” means a single person, family, or unrelated persons living together whose adjusted income is more than eighty percent but is at or below one hundred fifteen percent of the median family income adjusted for family size, for the county where the project is located, as reported by the United States Department of Housing and Urban Development. For cities located in high-cost areas, “moderate-income household” means a household that has an income that is more than one hundred percent, but at or below one hundred fifty percent, of the median family income adjusted for family size, for the county where the project is located.

F. “Multiple-unit housing” means a building having four or more dwelling units not designed or used as transient accommodations and not including hotels and motels. Multifamily units may result from new construction or rehabilitated or conversion of vacant, underutilized, or substandard buildings to multifamily housing.

G. “Owner” means the property owner of record.

H. “Permanent residential occupancy” means multiunit housing that provides either rental or owner occupancy on a nontransient basis. This includes owner-occupied or rental accommodation that is leased for a period of at least one month. This excludes hotels and motels that predominately offer rental accommodation on a daily or weekly basis.

I. “Rehabilitation improvements” means modifications to existing structures, that are vacant for twelve months or longer, that are made to achieve a condition of substantial compliance with existing building codes or modification to existing occupied structures which increase the number of multifamily housing units.

J. “Residential targeted area” means an area within an urban center or urban growth area that has been designated by the governing authority as a residential targeted area in accordance with this chapter. With respect to designations after July 1, 2007, “residential targeted area” may not include a campus facilities master plan.

K. “Substantial compliance” means compliance with local building or housing code requirements that are typically required for rehabilitation as opposed to new construction.

L. “Urban center” means a compact identifiable district where urban residents may obtain a variety of products and services. An urban center must contain:

1. Several existing or previous, or both, business establishments that may include but are not limited to shops, offices, banks, restaurants, governmental agencies; and

2. Adequate public facilities including streets, sidewalks, lighting, transit, domestic water, and sanitary sewer systems; and

3. A mixture of uses and activities that may include housing, recreation, and cultural activities in association with either commercial or office, or both, use. (Ord. 1452 §1 (part), 2014).

3.64.030 Residential target area, hearing on resolution, target area designation and standards.

A. *Woodland District Target Area Classification.* Those areas as located within the Woodland District zoning district as shown on the city of Lacey Comprehensive Plan and Land Use Maps are designated as residential target areas.

B. Designation of additional residential target areas shall follow the process and procedures identified in RCW 84.14.040. (Ord. 1452 §1 (part), 2014).

3.64.040 Tax exemption for multifamily housing in target areas.

A. *Duration of Exemption.* The value of improvements qualifying under this chapter is exempt from ad valorem property taxation as follows:

1. For properties for which applications are submitted after the date of adoption of the ordinance codified in this chapter, the value is exempt:

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

b. For twelve 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 of the multifamily housing units as affordable housing to low and moderate-income households as further defined in this section. Provided, the total number of qualifying affordable housing units does not exceed thirty percent of the total number of housing units within the same project.

(1) For rental projects, at least twenty percent of the multifamily housing units in the project must be rented throughout the duration of the twelve-year exemption period as affordable housing to low-income households at eighty percent or less of median income.

(2) For ownership projects, at least twenty percent of the multifamily housing units in the project must be sold as affordable housing to low- or moderate-income households at one hundred twenty percent or less of median income.

B. *Limits on Exemption.* The exemption does not apply to the value of land or to the value of non-housing-related improvements not qualifying under this chapter, 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. (Ord. 1452 §1 (part), 2014).

3.64.050 Project eligibility and performance standards.

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

A. *Location.* The project must be located within a residential target area identified in LMC 3.64.030.

B. *Size.* The qualifying new multifamily residential apartment project must include a minimum of twenty units of multifamily housing. Existing multifamily housing that has been vacant for twelve months or more does not have to provide additional units.

C. *Exception for Existing Residential Structure.* In the case of an existing occupied residential structure that is proposed for demolition and redevelopment as new multifamily housing, the project must provide as a minimum number of dwelling units in the new multifamily housing project, the greater of:

1. Replace the existing number of dwelling units and, unless the existing residential rental structure was vacant for twelve months or more prior to demolition, provide for a minimum of four additional dwelling units in the new multifamily housing project; or

2. Provide the number of dwelling units otherwise required in subsection B of this section.

D. *Exception for New Mixed Use and Mixed Use Redevelopment Projects.*

1. New and redevelopment projects of existing buildings located within the residential target area proposing a mixed use commercial, office, and/or retail project with multifamily residential units may qualify for the tax exemption if four or more residential units are included within the project.

E. *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. Specifically, the requirements of Chapter 16.24 LMC, Woodland District, and Chapter 14.23 LMC, Design Review, must be satisfied in addition to any other standards and guidelines adopted by the city council for the residential target area in which the project will be developed.

F. At least fifty percent of the space in new, converted, or rehabilitated multiple units must be for permanent residential housing. In the case of existing occupied multifamily development, the multifamily housing must also provide for a minimum of four additional multifamily units. Existing multifamily vacant housing that has been vacant for twelve months or more does not have to provide additional units.

G. The applicant must enter into a contract with the city, approved by city council, under which the applicant agrees to the implementation of the development on terms and conditions satisfactory to the city council.

H. *Completion Deadline.* The project must be completed within three years from the date of approval of the contract by the city council. The administrator may grant one two-year extension, provided the applicant has demonstrated a good faith effort to complete the project. (Ord. 1452 §1 (part), 2014).

3.64.060 Application procedure.

A property owner who wishes to propose a project for a tax exemption shall complete the following:

A. File with the community development department the required application form, provided by the department, setting forth the grounds for tax exemption along with the required application fees. The application materials shall include the following information:

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

2. 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.

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

4. Verification by oath or affirmation of the information submitted.

B. *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 days of receipt of a complete application. (Ord. 1452 §1 (part), 2014).

3.64.070 Application review and conditional certification.

A. *Approval.* The administrator may approve an application if he or she finds that:

1. The owner has complied with all of the requirements of this section, including but not limited to the project eligibility requirements contained in this chapter and the applicable requirements contained within the Lacey Municipal Code; and

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

B. *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.

C. *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 years from the date of council approval of the contract unless an extension is granted as provided in LMC 3.64.080.

D. *Application Denial.*

1. *Denial.* The administrator shall deny an application if the criteria in this chapter 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 days of the denial.

2. *Appeal.* The owner may appeal the administrator's decision to the hearing examiner in accordance with Chapter 1 of the City of Lacey Development Guidelines and Public Works Standards.

E. *Contract Amendment.* An owner may request an amendment(s) to the contract by submitting a request in writing to the administrator, together with the required fee, any time within three years of the date of the approval of the contract as provided for in LMC 3.64.080. The date for expiration of the conditional certificate shall not be extended by contract amendment unless all the conditions for extension are met. (Ord. 1452 §1 (part), 2014).

3.64.080 Extension of conditional certificate.

A. *Application.* The conditional certificate may be extended by the administrator for a period not to exceed twenty-four consecutive months. The owner shall submit a written request stating the grounds for the extension together with the required application fee.

B. *Approval.* The administrator may grant an extension if he/she finds that:

1. The anticipated failure to complete construction within the required time period is due to circumstances beyond the control of the owner; and

2. The owner has been acting, and could reasonably be expected to continue to act, in good faith and with due diligence; and

3. All the conditions of the original contract between the owner and the city will be satisfied upon completion of the project.

C. *Denial--Appeal.* The owner may appeal the administrator's decision to the hearing examiner in accordance with Chapter 1 of the City of Lacey Development Guidelines and Public Works Standards. (Ord. 1452 §1 (part), 2014).

3.64.090 Final certificate.

A. *Application.* Upon completion of the construction as provided in the contract between the owner and the city, the owner may request a final certificate of tax exemption. The owner shall pay all required fees 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:

1. A statement of expenditures made with respect to each multifamily housing unit and the total expenditures made with respect to the entire property;

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

3. The total monthly rent or total sale amount of each multifamily housing unit rented or sold to date;

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

5. If applicable, a statement that the project meets the affordable housing requirements of this section, along with the number, type, and specific multifamily housing units rented or sold to date, as applicable, to meet the affordable housing requirements;

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

7. A statement that the work was completed within the required three-year period or any approved extension.

B. *Determination.* Within thirty 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.

C. *Filing with County Assessor.* For projects that comply with the requirements of this chapter, the city shall file a final certificate of tax exemption with the county assessor within ten days of the expiration of the thirty-day period provided in subsection B of this section.

D. *Denial.* The administrator shall notify the owner in writing that the city will not file a final certificate if: (1) the administrator determines that the project was not completed within the required three-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 (2) 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.

E. *Appeal.* The owner may appeal the administrator's decision to the hearing examiner in accordance with Chapter 1 of the City of Lacey Development Guidelines and Public Works Standards. (Ord. 1452 §1 (part), 2014).

3.64.100 Annual certification and report.

A. Within thirty 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. 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 multifamily dwelling units during the twelve 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 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 multifamily housing unit rented or the total sale amount of each multifamily housing unit sold to an initial purchaser during the twelve 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 multifamily housing units at the time of purchase during the twelve months ending with the anniversary date;

6. If applicable, a breakdown of the number, type, and specific multifamily housing units rented or sold during the twelve months ending with the anniversary date, as applicable, to meet the affordable housing requirements of this section; and

7. Any additional information requested by the city pursuant to meeting any reporting requirements under Chapter 84.14 RCW. (Ord. 1452 §1 (part), 2014).

3.64.110 Cancellation of tax exemption.

A. *Cancellation.* If at any time the administrator determines that: (1) the property no longer complies with the terms of the contract or with the requirements of this chapter; (2) the use of the property is changed or will be changed to a use that is other than residential; (3) the project violates applicable zoning requirements, land use regulations or building code requirements; or (4) 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.

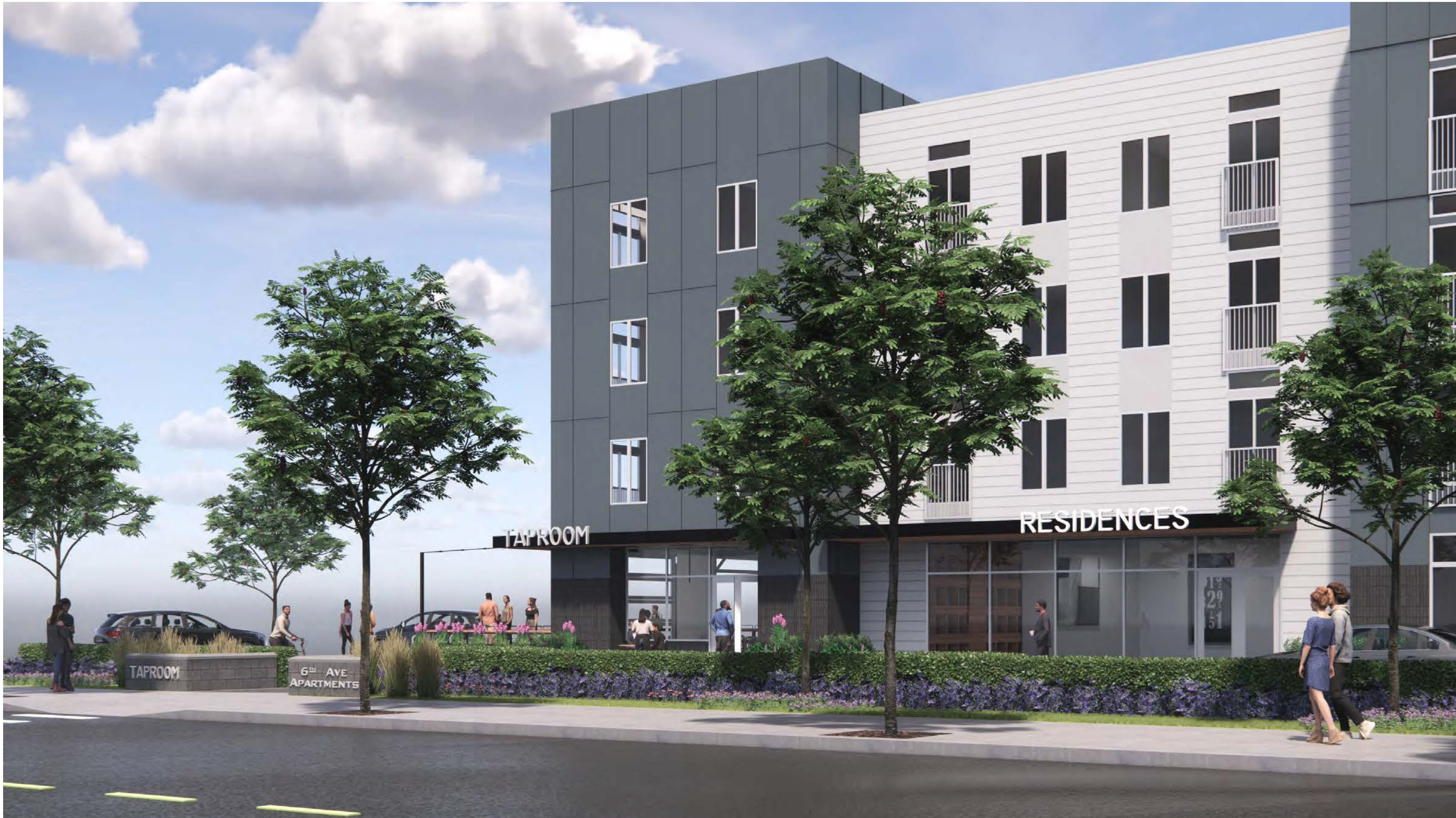
B. *Appeal.* The property owner may appeal the determination in accordance with Chapter 1 of the City of Lacey Development Guidelines and Public Works Standards.

C. *Change of Use.* If the owner intends to convert the multifamily housing to another use, the owner must notify the administrator and the county assessor within sixty 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. (Ord. 1452 §1 (part), 2014).

3.64.120 Effective period.

This chapter shall remain in effect through December 31, 2024, and shall automatically expire after that date unless, prior to that date, the city council takes action to extend the same. (Ord. 1452 §1 (part), 2014).

The Lacey Municipal Code is current through Ordinance 1587, passed March 18, 2021.



MJR DEVELOPMENT

6TH AVE. APARTMENTS

3.23.21 | 19-030 | 1

STREET VIEW

WEBER THOMPSON

MJR DEVELOPMENT

6TH AVE. APARTMENTS

3.23.21 | 19-030 | 2

STREET VIEW

WEBER THOMPSON

MJR DEVELOPMENT

6TH AVE. APARTMENTS

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WALKWAY VIEW

WEBER THOMPSON

MJR DEVELOPMENT

6TH AVE. APARTMENTS

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WALKWAY VIEW

WEBER THOMPSON

1	Set the Stage	Cost	Complexity	Time
1.1	Form-Based Code Complete	•	••	•
1.2	College Street SE Transportation Study In progress	•	••	•
1.3	Identify and Leverage Financial Resources Complete	•	•••	••
1.4	District Brand Identity Program Complete	•	••	•
1.5	Planned Action EIS	••	••	••
1.6	District Stormwater & Green Infrastructure Plan	••	••	•
1.7	District Parking Plan	••	••	•
1.8	Forest Management Plan Update Complete	•	•	•
2	**Improve Investment Climate**			
2.1	Main Street/Golf Club Rd SE	•••	•••	••
2.2	Multifamily Tax Exemption Program Complete	•	•	•
2.3	Reduce Impact Fees	•	•	•
2.4	Bicycle & Pedestrian Improvements Complete	••	••	••
2.5	Streetscape Improvements Complete	••	••	••
3	**Strategic Partnerships to Develop Key Nodes**			
3.1	SPSCC Campus Complete	•	•	•
3.2	SPSCC/EDC Business & Entrepreneurial Center Complete	•	••	•
3.3	Cultural Center	•••	••	••
3.4	Market Square	•••	•••	•••
3.5	South Sound Center Entertainment Center	•••	•••	•••
3.6	Affordable Housing Strategy Complete	•	•	•
3.7	St. Martin's University In progress	•	•	•
3.8	Transit Center Redevelopment	•••	•••	•••
4	**Recruitment, Advocacy & Coalition**			
4.1	Recruit Office Tenants to Support Use Clusters In progress	•	•••	••
4.2	Locally-owned Destination Businesses In progress	•	••	••
4.3	Arts & Cultural Plan	••	••	••
4.4	Stakeholder Coalition	•	•	•

Rankings

Cost

- $ = •
- $$ = ••
- $$$ = •••

Complexity

- = •
- = ••
- = •••

Time

- = •
- = ••
- = •••

Strategy 1: Set the Stage

1.1

Form Based Code

Description: Development and adoption of a Form-based Code is recommended for the Woodland District's implementing regulations. Such a "place-based" regulatory system would clearly illustrate the District's desired form and character with both graphics and concise narrative. It would shape both the public realm (the streets and pedestrian network, public places and parking supply) and private realm (building forms, design and locations, private signage, on site parking, circulation and landscaping). The form-based approach provides clarity of content and the permitting process. The Code would serve as an incentive to attract new investments and produce a cohesive neighborhood characterized by great places.

Lead: City of Lacey

Partners: Strategic Plan Stakeholders

1.2

College Street SE Transportation Study

Description: Prepare a study for College Street SE between I-5 and Pacific Avenue SE to identify methods of improving multi-modal access and circulation to the district while maintaining the capacity for managing regional through traffic. Identify strategies and projects to enhance facilities for all modes, better relate the roadway design to existing and future land uses and ensure adequate access for all modes to and from the Woodland District, City facilities and St. Martin's University. The College Street SE Transportation Study could be folded into a more extensive transportation analysis in the Planned Action EIS if the EIS is conducted first

Lead: City of Lacey

Partners: Woodland District Stakeholders, St. Martin's University, Intercity Transit

1.3

Identify and Leverage Financial Resources

Description: Identification of financial resource for Plan implementation would enable the City to define projects and develop a detailed, phased 10 year implementation strategy. Identification of financial resources would include capital funding, financing methods, key partnerships and technical assistance. Partnerships with JBLM, HUD, the Main Street Program, Woodland District financial institutions and others should be established and leveraged to recruit partners and financial participation

Lead: City of Lacey

Partners: Thurston County EDC, Woodland District Financial Institutions

1.4

Brand Identity & Visibility: Name of District, Gateways, Wayfinding, Streetscape & Signage

Description: Development of an integrated branding program for the District – including renaming the District, a logo, entry gateways, wayfinding signage and revised sign standards – would increase visibility and provide a cohesive identity for the District. This program would also increase the Districts' competitiveness in the regional housing market, by improving the pedestrian realm, creating walkable streets and District legibility. The sign ordinance should be updated with signage specific to the oodland District including wayfinding for vehicles, pedestrians and bicyclists, street signs and commercial signage. Public art planning should be coordinated with brand identity and visibility.

Lead: City of Lacey

Partners: Thurston County EDC, Chamber of Commerce, Woodland District Stakeholders

1.5

Planned Action Environmental Impact Statement (EIS)

Description: A Planned Action EIS will streamline and provide greater certainty in the development process. It entails review of potential impacts of development during the planning stage, rather than the development review stage, identifies mitigation measures upfront, such that future development proposals that are consistent with the EIS and ordinance do not require additional SEPA review. Following preparation of the EIS the local government may adopt a planned action ordinance that specifies the amount and type of development and required mitigation to qualify as a planned action project.

Lead: City of Lacey

Partners: Strategic Plan Stakeholders

1.6

District Stormwater & Green Infrastructure Plan

Description: A regional stormwater management plan would addresses stormwater-related water quality and water quantity impacts of new and existing land uses in a drainage area. It is developed on a drainage area basis and is not limited to on-site stormwater management measures. Facilities associated with the Plan can provide on-site and area-wide amenities and public spaces in urban environments, increase residential and commercial property values and neighborhood appeal. It would also facilitate maintenance and reduce maintenance costs. Provisions of District stormwater facilities would enable full TOD development and reconfiguration of the Transit Center.

Lead: City of Lacey

Partners: Strategic Plan Stakeholders & Agencies

1.7

District Parking Plan

Description: A district parking system provides parking for districts rather than individual sites by pooling parking supply in desired locations. This approach would support future development levels while reserving valuable street frontage for active pedestrian-oriented uses. District parking supply would be defined and managed based on demand for different uses and times of day. This program could be initiated in the near term to capture the value of existing parking and to reduce individual project costs by providing shares of district parking supply. It would be revised in phases as development intensifies in the area.

Lead: City of Lacey

Partners: Development Community, Local Lending Institutions, SPSCC, State Department of Enterprise Services

1.8

Urban Forest Management Plan Update

Description: The update would ensure that trees and the existing urban forest remain viable as an integral component of District identity and livability while managing trees for visibility to businesses and places by defining tree cover goals for the District, designing development to retain key trees, identifying annual tree replenishment goals and implementing an annual tree crowning-raising program to provide visibility to existing buildings and places. The update would also ensure preservation of large Sequoias in Plaza Park West when integrating new retail.

Lead: City of Lacey

Partners: ForTerra or similar entity who establish and maintain urban forests through their Green Partnership program.

Strategy 2: Improve the Investment Climate

2.1

Develop Main Street/Golf Club Rd SE Street Connection

Description: The connection/re-alignment of Golf Club Rd SE from Pacific Avenue SE to 3rd Avenue SE would catalyze the development of several projects including a pedestrian-oriented mixed use Main Street, provide direct access to the Transit Center, more efficient bus circulation, provide a continuous bicycle streets connecting the three major urban trails, increase access and visibility of the Woodland Square Loop area, the Huntamer Park Cultural Node and to Market Square. Renaming the street to a more local reference could become a key place identifier within the District as part of the District Identity and Renaming process.

Lead: City of Lacey

Partners: Intercity Transit, Property Owners, WSDOT

2.2
Multifamily Tax Exemption Program

Description: The City of Lacey should designate the Woodland District for the Multifamily Tax Exemption to improve development feasibility and to stimulate the construction of new market rate and affordable housing opportunities within urban centers. The City must designate areas within an urban center for use of the program. Eligible projects are exempt from property taxation for eight successive years; or for twelve years if the property commits to at least twenty percent of the multifamily housing units as affordable housing units.

Lead: City of Lacey

Partners: Woodland District Stakeholders, Thurston County EDC, Chamber of Commerce, Development Community

2.3
Reduce Impact Fees

Description: Impact fees may be waived on a discretionary basis by the City and may be specific to geographic areas to improve feasibility of development. An adjustment of fees sends a signal to the development community that the District is a priority for the City and that the City is willing to provide incentives for private development in the District.

Lead: City of Lacey

Partners: Woodland District Stakeholders, Thurston County EDC, Chamber of Commerce, Development Community

2.4
Bicycle & Pedestrian Improvements

Description: A comprehensive approach to the development of a District-wide network of walkable, bicycle-friendly streets would improve safety, comfort and interest to pedestrians and bicyclists and would improve livability and the investment climate. The program would guide the buildout of the future circulation network, redevelopment of sites and retrofit of existing streets and sites. City street and development standards should be updated to Reflect the pedestrian and bicycle improvements recommended in this Plan.

Lead: City of Lacey

Partners: Woodland District Stakeholders, Property and Business Owners, Pedestrian and Bicycle Advocates, Capital Bicycling Club, Woodland Trail Greenway Association

Strategy 3: Strategic Partnerships

2.5

Streetscape Improvements

Description: A comprehensive palette of streetscape improvements is a companion action to bicycle and pedestrian improvements designed to strengthen District identity, improve pedestrian comfort and interest, quality of life and the investment climate. Pedestrian lighting, street trees, landscaping, street signage, District-specific paving, crosswalks and street furniture should be included with a map identifying improvements at specific locations. City street and development standards should be updated to include a map with locations for streetscape improvements by type including street furniture, signage, trees and landscaping, paving, crosswalks, and intersections.

Lead: City of Lacey

Partners: Property Owners

3.1

South Puget Sound Community College

Description: The future SPSCC facility at Rowe Six provides a second higher education institution in the District, a new destination and a generator of local culture. The property is currently self-contained with low visibility from the street though well-placed across from the Transit Center and adjacent to 6th Avenue SE's mixed use area. Establishment of sidewalks, formal links to adjacent properties and the I-5 trail, directional and building signage, reconfigured parking, o f-site programs and business incubators would fully leverage and integrate the institution's value and culture into surrounding District. A direct route between SPSCC and St. Martin's University would increase linkages, collaborations and access between the two institutions.

Lead: SPSCC

Partners: City of Lacey

3.2

South Puget Sound Community College/EDC Business & Entrepreneurial Center

Description: South Puget Sound Community College, in partnership with the Thurston EDC and the City, plan to develop a business and entrepreneurial center in the District. The goal of the Center will be to help entrepreneurs launch and build successful companies and turn innovation into commercialization by providing an array of business support resources and services. The Center will help early stage entrepreneurs grow through a variety of support services and facilities in a professional working environment, with a focus on creating new family-wage jobs to help spark the region's economic recovery and prepare students for careers. The Center will be designed to take advantage of available office space in the District

Lead: SPSCC, Thurston County EDC

Partners: City of Lacey, Thurston Chamber of Commerce, St Martin's University

3.3 Cultural Center

Description: This project adds facilities and uses to the Huntamer Park area to develop the cultural center or "heart" of the Lacey community. Huntamer Park could be enlivened with a water feature, a multipurpose year-round pavilion for events, fairs and festivals and a YMCA on an adjacent site. Increased building development around Huntamer Park would provide a sense of enclosure and further build the identity of a Civic Green.

Lead: City of Lacey

Partners: Woodland District Stakeholders

3.4 Market Square

Description: Market Square (Fred Meyer site) would be reconfigured to improve visibilit , circulation and access and deliveries. The two small City parks adjacent to the property could be consolidated and relocated into a usable public space integrated into the reconfiguration and small retail added on Main Street. Market Square could be a participant in Shared Parking District in the Woodland Square Loop area.

Lead: Market Square Property Owner

Partners: City of Lacey

3.5 South Sound Center Entertainment Center

Description: South Sound Center has successfully transitioned to a retail power center. As the largest property in the District, the Center's economic, cultural and community value as a destination visible from I-5 can be increased with intensified development, more efficien use of land, increased mix of uses, addition of a cluster of multi-venue entertainment uses (skating rink, food court and additional retail), a public gathering place, internal street system, shared parking, improved signage and freeway visibility and connections to City of Olympia streets. The site would be reintegrated with the street grids, provide access to the Chehalis Western Trail and could host community events.

Lead: South Sound Center

Partners: City of Lacey

3.6
Affordable Housing Strategy

Description: Develop a strategy to provide a variety of housing in the District for a range of household types and income levels such as seniors, students, local employees and low- and moderate-wage workers. Programs could include rental production and preservation, operating & maintenance fund, rental assistance, homebuyer assistance, acquisition and opportunity loan funds and others. The strategy should support the multi-family tax exemption program and oversee compliance with the affordability requirements of the program.

Lead: City of Lacey

Partners: Local Banks and Financial Institutions, Thurston County Housing Authority, Other Agencies

3.7
Partnership with St. Martin's University

Description: Strengthen the City of Lacey's ongoing partnership with St. Martin's University to integrate programs, housing, cultural activities and facilities into the Woodland District. Integration of the university faculty, staff, and students will enrich the District and its offerings, while the District can offer increased retail and services, transit and housing to the university community. Connect St. Martin's University to the trail system and improve pedestrian and bicycle access and connections between the campus and the District.

Lead: City of Lacey.

Partners: St Martin's University

3.8
Transit Center Redevelopment

Description: The Transit Center provides a vital service in a central location but is underused in its current configuration. Reconfiguration to a east/west orientation between Golf Club would increase its prominence, provide more direct bus access and take advantage of the development of Main Street and the future Huntamer Park Cultural Center. Mixed use development on the site would intensify use, maximize the value of the Transit Center and provided significant opportunities for placemaking and transit-oriented development (bus TOD).

Lead: Intercity Transit

Partners: City of Lacey, Woodland District Strategic Plan Stakeholders

Strategy 4: Recruitment, Advocacy & Coalition

4.1

Recruit Tenants to Support Clusters of Uses

Description: Active recruitment of unoccupied offices o fer opportunities to develop clusters of uses which build on existing District uses such as medical facilities and higher education institutions, particularly in the 6th Avenue SE/ Main Street Transit Center area. Workforce training, business incubator programs and a service hub for JBLM health and human services are potential users. Student-oriented businesses and cultural programs could further support reuse of existing buildings. The existing fiber optics and potential future District-wide wi-fi could strengthen recruitment efforts.

Lead: Thurston EDC, Chamber of Commerce

Partners: City of Lacey

4.2

Locally-owned Destination Retail & Entertainment Venues

Description: Recruiting locally-owned destination retail and entertainment venues would bring new customers and visitors to the District from urbanized Thurston County. Examples include a music store and locally-owned restaurants and pubs and a food cart hub or pod would provide unique businesses and build local culture. Collocation of destination uses would build synergy with existing destinations such as South Sound Center, Market Square and 6th Avenue SE.

Lead: Thurston EDC, Chamber of Commerce

Partners: City of Lacey

4.3

Arts & Culture Plan

Description: Development of an Arts and Culture Plan would provide a strategic and coordinated approach to cultural development and identity of the Woodland District and the Lacey community. It could include a plan for the "Cultural Center" envisioned in the Huntamer Park/Main Street node in the Woodland Square Loop area and develop a broader plan and become known as a thriving local arts and culture community which celebrates its heritage, cultures and social diversity with vibrant street life, community events and organizations. Develop a public art strategy which is specific to Lacey culture which is coordinated with identity and wayfinding to be designed into public and private development.

Lead: Parks Board & Planning Commission

Partners: Woodland District Stakeholders, Schools and Colleges, Business, Public Agencies

4.4

Establish a Woodland District Stakeholder Coalition

Description: The establishment of an association for the District would develop a formal group to champion Strategic Plan implementation and provide an advocacy role for the neighborhood. This group, by its nature, would bring broad perspective to an implementation group and represent many community representatives and voices whose interests and participation are vital.

Lead: City of Lacey

Partners: District Businesses, Residents, Higher Education Institutions, Public Agencies, Intercity Transit, Thurston EDC and others.