FINANCE & ECONOMIC DEVELOPMENT COMMITTEE MINUTES
APRIL 27, 2021
8:30 A.M. – 9:11 A.M.
REMOTE ONLY

COUNCIL PRESENT: MAYOR RYDER (CHAIR), DEPUTY MAYOR PRATT, COUNCILMEMBER GREENSTEIN

STAFF PRESENT: SCOTT SPENCE, RICK WALK, SARAH SCHELLING, ELISSA FONTAINE

ACTION: APPROVE FINANCE & ECONOMIC DEVELOPMENT COMMITTEE AGENDA
MOTION: MOTION MADE, SECONDED, AND CARRIED BY COUNCILMEMBER GREENSTEIN AND DEPUTY MAYOR PRATT

SCALEUP PROGRAM

STAFF: RICK WALK, COMMUNITY & ECONOMIC DEVELOPMENT DIRECTOR
WESLEY NGUYEN, ECONOMIC DEVELOPMENT COORDINATOR
JAMES DAVIS, BUSINESS DEVELOPMENT MANAGER, CENTER FOR BUSINESS AND INNOVATION
ACTION: INFORMATION ONLY

Rick Walk, Community & Economic Development Director and staff provided an update on the ScaleUp program, a business training program to help develop skills and provide mentorship to local businesses.

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 (SBA).

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.

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

James Davis, Business Development Manager with CBI presented the current ScaleUp training series and highlighted plans to refine and improve on the program.

MULTI-FAMILY TAX EXEMPTION PROGRAM OVERVIEW

STAFF:	RICK WALK, COMMUNITY & ECONOMIC DEVELOPMENT DIRECTOR SARAH SCHELLING, ASSOCIATE PLANNER
ACTION:	INFORMATION ONLY

Rick Walk, Community & Economic Development Director and Sarah Schelling, Associate Planner reviewed the multi-family tax exemption program, recent application and highlighted the process with the Committee.

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

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 are 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.

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 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.

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 8, 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 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. 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.

WORKFORCE CONSIDERATIONS

STAFF: SCOTT SPENCE, CITY MANAGER
ACTION: INFORMATION ONLY

Scott Spence, City Manager discussed some upcoming workforce recruitments and adjustments, including additional positions within Utility Billing, Community & Economic Development and potentially Public Works.

All expenditures relating to workforce, will be included and reviewed as part of future budget amendments presented to Council.