

LAND USE COMMITTEE
APRIL 27, 2021
10:32 A.M. – 11:09 A.M.
REMOTE ONLY

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

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

ACTION: APPROVE THE LAND USE COMMITTEE AGENDA

MOTION: MOTION MADE, SECONDED, AND CARRIED BY COUNCILMEMBER GREENSTEIN
AND DEPUTY MAYOR PRATT

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.

HAWKS PRAIRIE BUSINESS DISTRICT ZONING TEXT AMENDMENTS

STAFF: JESSICA BRANDT, ASSOCIATE PLANNER

ACTION: INFORMATION ONLY

Jessica Brandt, Associate Planner presented the Hawks Prairie Business District zoning text amendment received from a private application.

The Hawks Prairie Business District consists of 570 acres and two sub districts. The intent of the text amendment is to create flexibility between business commercial and commercial zoning.

The proposed amendment includes the following:

1. Allow medical/dental services in multi-tenant buildings
2. Allow residential use in commercial zone
3. Increase residential density allowed on smaller parcels (20 acres or less)

Staff reviewed the findings of fact from the Planning Commission, and advised that no public comments were received at the public hearing. The Planning Commission recommendation will be presented to the full Council at the May 20, 2021, meeting.