



CITY OF
BAINBRIDGE ISLAND

City Council Regular Business Meeting Agenda Bill

MEETING DATE: May 11, 2021

ESTIMATED TIME: 10 Minutes

AGENDA ITEM: (7:40 PM) Consider Resolution 2021-09 and Set Public Hearing for Multifamily Tax Exemption (MFTE) Designation Areas - Planning,

SUMMARY: On May 4, 2021, the City Council considered the Planning Commission's policy recommendations on a 12-year MFTE program and the taxing implications of adopting a MFTE program. At that briefing, the Council confirmed that the City should move forward with developing both a 12 and 20-year MFTE program.

RCW 84.14.040 requires a public hearing on an area proposed as designation area(s), where properties would be eligible to apply to a future MFTE program. The City Council directed staff to move forward with scheduling a public hearing on the same areas that the Planning Commission recommended for a future City MFTE program, which are:

The Winslow Master Plan Study Area;
The Winslow Sewer System Service Area; and
Within the Lynwood Center area: properties which have zoning of Neighborhood Center (NC), NC/R-12, and R-5.

See area maps in Exhibits A and B to Resolution 2021-09 (attached).

After holding a public hearing on proposed MFTE designation areas, the City Council would consider a new ordinance to create a MFTE program at future City Council meetings, which will require another public hearing on an ordinance.

RCW 84.14.040(2) authorizes the City Council to adopt a resolution of intention to designate MFTE program areas and to notify the public about details for the public hearing on the designation areas. Resolution No. 2021-09 is included with this agenda item to so state that intention to adopt the areas described above, and to provide details about a June 8, 2021 public hearing.

AGENDA CATEGORY: Resolution

PROPOSED BY: Planning & Community Development

RECOMMENDED MOTION: I move to schedule a public hearing on June 8, 2021 related to the proposed MFTE designation areas, and to direct the City Manager to begin public outreach for the hearing, such that the eligible areas to be considered at the hearing are: the Winslow Master Plan Study Area, the Winslow Sewer System Service Area, and within the Lynwood Center area, the Neighborhood Center (NC), NC/R-12, and R-5 zones.

I move to forward Resolution No. 2021-09 for consideration of approval with the Consent Agenda at the May 25, 2021 City Council meeting.

STRATEGIC PRIORITY: Vibrant Economy

FISCAL IMPACT:

Amount:	
Ongoing Cost:	
One-Time Cost:	
Included in Current Budget?	

BACKGROUND: Washington state statutory law allows local governments to adopt a MFTE program as described in Chapter RCW 84.14 RCW. The purpose of this program is to encourage the development and redevelopment of multifamily and affordable housing by granting a property tax exemption for qualifying projects for a period of 8, 12, or 20 years. The exemption is a partial property tax exemption on the value of residential improvements for qualifying MFTE housing developments, and does not apply to the value of land or any non-residential development.

A Joint City Council/Planning Commission land use subcommittee met in the Summer and Fall of 2020 and presented a list of recommended priority code changes to the Council on October 13, 2020, including adoption of a 12-year MFTE Program. The Council endorsed the priority code changes and recommended the work be forwarded to the Planning Commission for immediate legislative work.

After the Council direction to the Planning Commission, the Commission's Affordable Housing Subcommittee (Commissioners Quitslund, Blossom, and Paar) met to discuss what MFTE program elements to recommend to the full Planning Commission, and drafted a transmittal memo for the Commission to include with their eventual recommendation to the City Council.

At their meetings on January 14 and 28, 2021, the Planning Commission discussed the following MFTE program elements:

1. Potential MFTE designation or eligibility areas - where should the program be available to properties?
2. MFTE project threshold - what is the minimum number of multifamily units that will be required in order to enroll in a future MFTE program? The state minimum project eligibility threshold is four multifamily residences.
3. Should a City MFTE program be available to both rental and homeownership projects, as allowed under state law?

At the January 28, 2021 meeting, the Planning Commission came to the preliminary recommendations on these program elements, and in general, the consensus was to make a MFTE program as widely available as possible (see motion included with this item). The Commission's Affordable Housing Subcommittee submitted a memo for review by the full Planning Commission at the January 28 meeting. The memo would support the Planning Commission policy recommendations to the City Council. At that meeting, Commissioners requested revisions to the memo prior to finalizing their policy recommendations.

On February 11, 2021, the Planning Commission finalized their transmittal memo to the City Council (see attached) and unanimously passed the motion below related to recommended MFTE program elements.

Motion: I move to forward the following policy recommendations and attached supporting memo to the City Council related to adopting a Multifamily Property Tax Exemption program:

1. That the following areas be considered for the MFTE designation/eligibility areas:

All properties either within the Winslow Master Plan Study Area, or the Winslow Sewer System Service Area, or both and within the Lynwood Center area, which have zoning of Neighborhood Center (NC), NC/R-12, and R-5.

2. That the project eligibility threshold be four multifamily residences.

3. That a future City MFTE program be applicable to both rental and ownership units.

ATTACHMENTS:

[Resolution No. 2021-09 Intent to Designate MFTE Eligible Areas](#)

[Resolution No. 2021-09 Exhibits A and B](#)

FISCAL DETAILS:

Fund Name(s):

Coding: