

Chapter 13.17

MIXED-USE CENTER DEVELOPMENT

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13.17.010 Definitions.

A. "Multi-family housing" means building(s) having four or more dwelling units designed for permanent residential occupancy resulting from new construction or rehabilitation or conversion of vacant, underutilized, or substandard buildings.

B. "Owner" means the property owner of record.

C. "Mixed-use center" means a center designated as such in the land use element of the City's comprehensive plan. A mixed-use center is a compact identifiable district containing several business establishments, adequate public facilities, and a mixture of uses and activities, where residents may obtain a variety of products and services.

D. "Director" means the Director of the Community and Economic Development Department or authorized designee.

E. "Permanent residential occupancy" means multi-family housing that provides either rental or owner occupancy for a period of at least one month. This excludes hotels and motels that predominately offer rental accommodation on a daily or weekly basis.

F. "Rehabilitation improvements" means modifications to existing structures that are vacant for 12 months or longer, or modification to existing occupied structures which convert nonresidential space to residential space and/or increase the number of multi-family housing units.

G. "Residential target area" means an area within a mixed-use center that has been designated by the City Council as lacking sufficient, available, desirable, and convenient residential housing to meet the needs of the public. (Ord. 27466 § 43; passed Jan. 17, 2006; Ord. 26386 § 39; passed Mar. 23, 1999; Ord. 25789 § 3; passed Nov. 21, 1995)

13.17.020 Residential target area designation and standards.

A. Criteria. Following a public hearing, the City Council may, in its sole discretion, designate one or more residential target areas. Each designated target

area must meet the following criteria, as determined by the City Council:

1. The target area is located within a designated mixed-use center;
2. The target area lacks sufficient available, desirable, and convenient residential housing to meet the needs of the public who would likely live in the mixed-use center if desirable, attractive, and livable places were available; and
3. The providing of additional housing opportunity in the target area will assist in achieving the following purposes:
 - a. Encourage increased residential opportunities within the target area; or
 - b. Stimulate the construction of new multi-family housing and the rehabilitation of existing vacant and underutilized buildings for multi-family housing.

In designating a residential target area, the City Council may also consider other factors, including, but not limited to: whether additional housing in the target area will attract and maintain a significant increase in the number of permanent residents; whether an increased residential population will help alleviate detrimental conditions and social liability in the target area; and whether an increased residential population in the target area will help to achieve the planning goals mandated by the Growth Management Act under RCW 36.70A.020. The City Council may, by ordinance, amend or rescind the designation of a residential target area at any time pursuant to the same procedure as set forth in this chapter for original designation.

B. Target Area Standards and Guidelines. For each designated residential target area the City Council shall adopt basic requirements for both new construction and rehabilitation, including the application process and procedures. The City Council may also adopt guidelines including the following:

1. Requirements that address demolition of existing structures and site utilization; and
2. Building requirements that may include elements addressing parking, height, density, environmental impact, public benefit features, compatibility with the surrounding property, and such other amenities as will attract and keep permanent residents and will properly enhance the livability of the residential target area.

The required amenities shall be relative to the size of the proposed project and the tax benefit to be obtained.

C. Designated Target Areas. The proposed boundaries of the "residential target areas" are the

boundaries of the 14 mixed-use centers listed below and as indicated on the map and accompanying legal descriptions which are incorporated herein by reference and on file in the City Clerk’s Office.

MIXED-USE CENTER	CENTER TYPE
South 56th and South Tacoma Way	Neighborhood
Downtown Tacoma	CBD
North 26th and Proctor	Neighborhood
Tacoma Mall Area	Urban
South 11th and MLK Jr. Way	Neighborhood
Westgate	Community
South 38th and “G” Street	Neighborhood
6th Avenue and Pine Street	Neighborhood
Tacoma Central Plaza/Allenmoore	Community
South 72nd and Pacific Avenue	Community
South 72nd and Portland Avenue	Neighborhood
Stadium (North 1st and Tacoma)	Neighborhood
James Center/TCC	Community
Lower Portland Avenue	Community

(Ord. 25823 § 1; passed Jan 16, 1996: Ord. 25789 § 3; passed Nov. 21, 1995)

13.17.030 Tax exemptions for multi-family housing in residential target areas.

A. Intent. Limited 10-year exemptions from ad valorem property taxation for multi-family housing in mixed-use centers are intended to:

1. Encourage increased residential opportunities within mixed-use centers designated by the City Council as residential target areas;
2. Stimulate new construction or rehabilitation of existing vacant and underutilized buildings for multi-family housing in residential target areas to increase and improve housing opportunities;
3. Assist in directing future population growth to designated mixed-use centers, thereby reducing development pressure on single-family residential neighborhoods; and
4. Achieve development densities which are more conducive to transit use in designated mixed-use centers.

B. Duration of Exemption. The value of improvements qualifying under this chapter will be exempt from ad valorem property taxation for ten successive years beginning January 1 of the year immediately following the calendar year of issuance of the Final Certificate of Tax Exemption.

C. Limits on Exemption. The exemption does not apply to the value of land or to the value of improvements not qualifying under this chapter, nor does the exemption apply to increases in assessed valuation of land and non-qualifying improvements. In the case of rehabilitation of existing buildings, the exemption does not include the value of improvements constructed prior to submission of the completed application required under this chapter.

D. Project Eligibility. A proposed project must meet the following requirements for consideration for a property tax exemption:

1. Location. The project must be located within a residential target area, as designated in Section 13.17.020.
2. Tenant Displacement Prohibited. The project must not displace existing residential tenants of structures that are proposed for redevelopment. Existing dwelling units proposed for rehabilitation must have been unoccupied for a minimum of 12 months prior to submission of application and must have one or more violations of the City’s minimum housing code. Applications for new construction cannot be submitted for vacant property upon which an occupied residential rental structure previously stood, unless a minimum of 12 months has elapsed from the time of most recent occupancy.
3. Size. The project must include at least four units of multi-family housing within a residential structure or as part of a mixed-use development. A minimum of four new units must be constructed or at least four additional multi-family units must be added to existing occupied multi-family housing. Existing multi-family housing that has been vacant for 12 months or more does not have to provide additional units so long as the project provides at least four units of new, converted, or rehabilitated multi-family housing.
4. Permanent Residential Housing. At least 50 percent of the space designated for multi-family housing must be provided for permanent residential occupancy, as defined in Section 13.17.010.
5. Proposed Completion Date. New construction multi-family housing and rehabilitation improvements must be scheduled to be completed within three years from the date of approval of the application.
6. 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. Rehabilitation and conversion improvements must comply with the City’s minimum housing code. New construction

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must comply with the Uniform Building Code. The project must also comply with any other standards and guidelines adopted by the City Council for the residential target area in which the project will be developed.

E. Application Procedure. A property owner who wishes to propose a project for a tax exemption shall complete the following procedures:

1. File with the Community and Economic Development Department the required application along with the required fees. The application fee to the City shall be \$1,000 for four units, plus \$100 per additional multi-family unit, up to a maximum total fee to the City of \$5,000. If the application shall result in a denial by the City, the City will retain that portion of the fee attributable to its own administrative costs and refund the balance to the applicant.

2. A complete application shall include:

a. A completed City of Tacoma application form setting forth the grounds for the exemption;

b. Preliminary floor and site plans of the proposed project;

c. A statement acknowledging the potential tax liability when the project ceases to be eligible under this chapter; and

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

For rehabilitation projects, the applicant shall also submit an affidavit that existing dwelling units have been unoccupied for a period of 12 months prior to filing the application and shall secure from the City verification of properly noncompliance with the City's minimum housing code.

F. Application Review and Issuance of Conditional Certificate. The Director may certify as eligible an application which is determined to comply with the requirements of this chapter. A decision to approve or deny an application shall be made within 90 days of receipt of a complete application.

1. Approval. If an application is approved, the applicant shall enter into a contract with the City, subject to approval by resolution of the City Council regarding the terms and conditions of the project. Upon Council approval of the contract, the Director shall issue a Conditional Certificate of Acceptance of Tax Exemption. The Conditional Certificate expires three years from the date of approval unless an extension is granted as provided in this chapter.

2. Denial. The Director shall state in writing the reasons for denial and shall send notice to the applicant at the applicant's last known address within

ten days of the denial. An applicant may appeal a denial to the City Council within 30 days of receipt of notice. On appeal, the Director's decision will be upheld unless the applicant can show that there is no substantial evidence on the record to support the Director's decision. The City Council's decision on appeal will be final.

G. Extension of Conditional Certificate. The Conditional Certificate may be extended by the Director for a period not to exceed 24 consecutive months. The applicant must submit a written request stating the grounds for the extension, accompanied by a \$50.00 processing fee. An extension may be granted if the Director determines that:

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

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 applicant and the City will be satisfied upon completion of the project.

H. Application for Final Certificate. Upon completion of the improvements agreed upon in the contract between the applicant and the City and upon issuance of a temporary or permanent certificate of occupancy, the applicant may request a Final Certificate of Tax Exemption. The applicant must file with the Community and Economic Development Department the following:

1. A statement of expenditures made with respect to each multi-family 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; and

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

Within 30 days of receipt of all materials required for a Final Certificate, the Director shall determine which specific improvements satisfy the requirements of this chapter.

I. Issuance of Final Certificate. If the Director determines that the project has been completed in accordance with the contract between the applicant and the City and has been completed within the authorized time period, the City shall, within ten days, file a Final Certificate of Tax Exemption with the Pierce County Assessor.

1. Denial and Appeal. The Director shall notify the applicant in writing that a Final Certificate will not be filed if the Director determines that:

- a. The improvements were not completed within the authenticated time period;
- b. The improvements were not completed in accordance with the contract between the applicant and the City; or
- c. The owner's property is otherwise not qualified under this chapter.

2. Within 14 days of receipt of the Director's denial of a Final Certificate, the applicant may file an appeal with the City's Hearing Examiner, as provided in Section 1.23.070 of the Tacoma Municipal Code. The applicant may appeal the Hearing Examiner's decision in Pierce County Superior Court, if the appeal is filed within 30 days of receiving notice of that decision.

J. Annual Compliance Review. Within 30 days after the first anniversary of the date of filing the Final Certificate of Tax Exemption, and each year thereafter, for a period of ten years, the property owner shall file a notarized declaration with the Director indicating the following:

1. A statement of occupancy and vacancy of the multi-family units during the previous year;
2. A certification that the property continues to be in compliance with the contract with the City; and
3. A description of any subsequent improvements or changes to the property.

City staff shall also conduct on-site verification of the declaration. Failure to submit the annual declaration may result in the tax exemption being canceled.

K. Cancellation of Tax Exemption. If the Director determines the owner is not complying with the terms of the contract, the tax exemption will be canceled. This cancellation may occur in conjunction with the annual review or at any other time when noncompliance has been determined. If the owner intends to convert the multi-family housing to another use, the owner must notify the Director and the Pierce County Assessor within 60 days of the change in use.

1. Effect of Cancellation. If a tax exemption is canceled due to a change in use or other noncompliance, the Pierce County Assessor may impose an additional tax on the property, together with interest and penalty, and a priority lien may be placed on the land, pursuant to State legislative provisions.

2. Notice and Appeal. Upon determining that a tax exemption is to be canceled, the Director shall notify the property owner by certified mail. The property owner may appeal the determination by filing a notice of appeal with the City Clerk within 30 days, specifying the factual and legal basis for the appeal. The Hearing Examiner will conduct a hearing at which all affected parties may be heard and all competent evidence received. The Hearing Examiner will affirm, modify, or repeal the decision to cancel the exemption based on the evidence received. An aggrieved party may appeal the Hearing Examiner's decision to the Pierce County Superior Court. (Ord. 27466 § 44; passed Jan. 17, 2006; Ord. 27321 § 1; passed Mar. 1, 2005; Ord. 26492 § 1; passed Aug. 10, 1999; Ord. 26386 § 40; passed Mar. 23, 1999; Ord. 25789 § 3; passed Nov. 21, 1995)