ORDINANCE NO. 5157

AN ORDINANCE of the City Council of the City of Kent, Washington, amending section 3.25.040 of the Kent City Code relating to the project eligibility requirements of Chapter 3.25 entitled, “Multifamily Dwelling Tax Exemptions.”

RECITALS

A. The city of Kent’s Multi-family Tax Exemption (MFTE) program is an incentive to encourage development of downtown housing.

B. The MFTE program allows owners of qualified downtown multifamily projects to avoid paying some of the increased property taxes resulting from their development project.

C. The general goal of this incentive program is to stimulate new construction of multifamily housing in downtown Kent.

D. The program is made possible by an allowance in Chapter 84.14 RCW and was first adopted by Kent in 1998, and renewed in 2014.

E. The state enabling legislation allows cities to establish criteria to determine what projects qualify for the incentive.

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F. Most development projects are able to apply for subsidies that are made available by governmental and other agencies to promote a range of goals, typically related to housing affordability or energy efficiencies.

G. Through the MFTE, the City incentivizes development by forgoing tax revenue for a period of time; however, members of the City Council have expressed interest in adding a provision that would prevent this incentive from being used in combination with other governmental incentive programs.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF KENT, WASHINGTON, DOES HEREBY ORDAIN AS FOLLOWS:

ORDINANCE

SECTION 1. - Amendment. Section 3.25.040 of the Kent City Code, entitled “Project eligibility,” and related to multifamily dwelling tax exemptions, is amended as follows:

Sec. 3.25.040. Project eligibility. A proposed project must meet the following requirements for consideration for a property tax exemption:

A. Location. The project must be located within the designated residential targeted area as defined in KCC 3.25.020, Definitions, Residential targeted area. If a part of any legal portion of a legally-created lot is within the residential targeted area, then the entire lot shall be deemed to lie within the residential targeted area.
B. **Tenant displacement.** Prior to approval of an application under KCC 3.25.060, the applicant shall provide the administrator with documentation satisfactory to the administrator of the following:

1. All tenants of residential rental structures on the project site have been notified per state statute of the termination of their tenancy;

2. The applicant’s efforts to refer tenants to similar, alternative housing resources; and

3. Any other actions the applicant has taken to minimize the hardship on tenants whose tenancies will be terminated by the proposed project.

C. **Size.** The project must include at least thirty (30) units of new multifamily housing within a multi-story development. At least fifty (50) percent of the space within the proposed project shall be intended for permanent residential occupancy.

D. **Proposed completion date.** New construction of multifamily housing must be completed within three (3) years from the date of approval of the application.

E. **Compliance with guidelines and standards.** The project must be designed to comply with the city’s comprehensive plan, building, fire, housing, and zoning codes, downtown design review guidelines, multifamily design review, mixed use design review if applicable, and any other applicable regulations. The project must be LEED® certifiable as confirmed by a LEED® certified independent third party reviewer or must
be Built Green™ certified, and must also comply with any other standards and guidelines adopted by the city council for the residential targeted area.

F. Parking. All required residential parking shall be located in structured parking garages, under buildings, or underground.

G. Class A pedestrian street. For buildings adjacent to a class A pedestrian street, as established pursuant to the city of Kent downtown design guidelines, the first floor of the building facing the street shall consist of residential units, commercial uses, and/or residential amenity uses, or any combination thereof.

H. Mixed use development. The project shall be a mixed use project, unless the mixed use component is waived by the administrator.

1. The purpose of the mixed use requirement is to implement the intent of the land use district, maximize the efficient use of land, support transit use, and encourage the development of well-balanced, attractive, convenient, and vibrant urban residential neighborhoods. The additional use excludes any accessory functions related to the residential use. Unless otherwise modified or waived in writing by the administrator, the nonresidential mixed use shall occupy at a minimum the ground floor along the street frontage with a depth of at least thirty (30)-feet for any building in the project. The administrator may not modify or waive the mixed use requirement, as provided in subsection (H)(2) of this section, in the DC zoning district, which is governed by KCC 15.04.030(4) and (5).

2. The administrator may waive the mixed use requirement for the purposes of this chapter, if the applicant can demonstrate that mixed use development is impractical or infeasible due to the following factors:

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a. Size or other physical characteristic of the project’s lot(s);

b. Project site is not conducive to commercial use;

c. Classification of street(s) abutting the project; or

d. Other similar type of circumstance that makes mixed use impractical for the project.

I. **Use of existing financial incentive programs.** The project shall not be eligible for exemption under this chapter if its construction is being aided in whole, or in part, by any local, state or federal financial incentives, tax credits, or other grant funding programs.

**SECTION 2.** – **Severability.** If any one or more section, subsection, or sentence of this ordinance is held to be unconstitutional or invalid, such decision shall not affect the validity of the remaining portion of this ordinance and the same shall remain in full force and effect.

**SECTION 3.** – **Corrections by City Clerk or Code Reviser.** Upon approval of the city attorney, the city clerk and the code reviser are authorized to make necessary corrections to this ordinance, including the correction of clerical errors; ordinance, section, or subsection numbering; or references to other local, state or federal laws, codes, rules, or regulations.

**SECTION 4.** – **Effective Date.** This ordinance shall take effect and be in force thirty (30) days from and after its passage, as provided by law.

*Amend KCC 3.25.040 Project Eligibility for Multifamily Dwelling Tax Exemptions*
I hereby certify that this is a true copy of Ordinance No. 4157 passed by the City Council of the City of Kent, Washington, and approved by the Mayor of the City of Kent as hereon indicated.