

EVERETT CITY COUNCIL AGENDA ITEM COVER SHEET

**PROJECT TITLE:**

An Ordinance Amending the City's Multifamily Housing Property Tax Exemption Regulations, Section 1 of Ordinance No. 2408-99, Section 8 of Ordinance No. 2347-98, as amended (EMC 3.78.080).

<u>5/18/16</u>	Briefing
_____	Proposed Action
_____	Consent
_____	Action
<u>5/18/16</u>	First Reading
<u>5/25/16</u>	Second Reading
<u>6/1/16</u>	Third Reading
<u>6/1/16</u>	Public Hearing

COUNCIL BILL #	<u>CB1605-23</u>
Originating Department	<u>Planning</u>
Contact Person	<u>Allan Giffen</u>
Phone Number	<u>(425) 257-8725</u>
FOR AGENDA OF	<u>May 18, 2016</u>
	<u>May 25, 2016</u>
	<u>June 1, 2016</u>

Initialed by:  
 Department Head \_\_\_\_\_  
 CAA do  
 Council President gpm

<u>Location</u>	<u>Preceding Action</u>	<u>Attachments</u> Ordinance, Letter	<u>Department(s) Approval</u> Planning, Legal
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Amount Budgeted	-0-	
Expenditure Required	-0-	Account Number(s):
Budget Remaining	-0-	
Additional Required	-0-	

**DETAILED SUMMARY STATEMENT:**

This is a request to adopt an Ordinance amending the City's Multifamily Housing Property Tax Exemption Regulations, Section 1 of Ordinance No. 2408-99 and Section 8 of Ordinance No. 2347-98.

In 2015 the City Council established the North Broadway Urban Center, in part, to encourage the development of student housing near Everett Community College and Washington State University through the property tax exemption incentive under Everett Municipal Code Chapter 3.78.

Koz Development has secured building permits and is currently constructing a building, to be leased by Everett Community College for student housing, within the North Broadway Urban Center. Koz mistakenly believed that the project would be exempt from property taxes under RCW 84.36.050, and did not apply to the City for the property tax exemption. EMC 3.78.080.A requires the application for tax exemption to be filed prior to submitting an application for the building permit.

The City has received correspondence from Everett Community College requesting an amendment to EMC 3.78.080 to allow for consideration of the Koz Development property for the property tax exemption. Their letter states that the building lease will not be economically feasible for the college without the tax exemption. The ordinance would allow a project located in the Institutional Overlay Zone to file an application for tax exemption prior to issuance of a Certificate of Occupancy. The ordinance would become void on January 1, 2017.

**RECOMMENDATION (Exact action requested of Council):**

Adopt Ordinance Amending the City's Multifamily Housing Property Tax Exemption Regulations, Section 1 of Ordinance No. 2408-99, Section 8 of Ordinance No. 2347-98, as amended (EMC 3.78.080).

**Ordinance No. \_\_\_\_\_**

**An Ordinance Amending the City's Multifamily Housing Property Tax Exemption Regulations, Section 1 of Ordinance No. 2408-99, Section 8 of Ordinance No. 2347-98, as amended (EMC 3.78.080).**

**WHEREAS, the City Council finds the following:**

1. The City adopted Ordinance No. 2347-98 establishing the Multiple Family Property Tax Exemption program in 1998 to support the development of housing in designated urban centers under RCW Chapter 84.14, as codified in EMC Chapter 3.78;
2. The City has periodically amended the Multiple Family Property Tax Exemption program by adding areas to the program and amending the requirements of EMC Chapter 3.78;
3. In 2015, the City Council added the North Broadway Urban Center area, which includes the Everett Community College Institutional Overlay Zone, to encourage the development of student housing by private property owners;
4. EMC 3.78.080.A requires an applicant for the property tax exemption to submit an application therefore prior to filing an application for building permits;
5. In 2015, Koz EvCC LLC obtained approval of building permits for a student housing building within the North Broadway Urban Center area, to be occupied by students through a master lease agreement with Everett Community College;
6. Koz EvCC LLC had been advised by the Department of Revenue that the master lease agreement with Everett Community College would make the property exempt from property taxes pursuant to RCW 84.36.050, and therefore did not apply for the property tax exemption prior to application for building permits;
7. The State Attorney General's office has determined that the Koz EvCC LLC property is not exempt from property taxes pursuant to RCW 84.36.050;
8. Everett Community College has indicated that the property tax exemption is necessary for the building to be economically feasible for the college; and

**WHEREAS, the City Council concludes the following:**

1. The City is supportive of the development of student housing in the vicinity of Everett Community College, and established the North Broadway Urban Center, in part, to encourage such housing in the urban center;
2. An amendment to EMC 3.78.080.A is necessary to allow the City to consider a request for the property tax exemption after the applicant has made application for a building permit;

3. A limited amendment to EMC 3.78.080 will allow for the Koz Development student housing building to be eligible for the property tax exemption.

**NOW, THEREFORE, THE CITY OF EVERETT DOES ORDAIN:**

**Section 1. Section 1 of Ordinance No. 2408-99 and paragraph A Section 8 of Ordinance No. 2347-98, as amended, which reads as follows:**

**Application procedures.** A property owner who wishes to propose a project for a tax exemption shall comply with the following procedures:

A. Prior to the application for any building permit therefor, the applicant shall submit an application to the director, on a form established by the director along with the required fees. The initial application fees to the city shall consist of a base fee of five hundred dollars, plus twenty-five dollars per multifamily unit. An additional one hundred fifty dollar fee to cover the Snohomish County assessor's administrative costs shall also be paid to the city. If the application is approved, the city shall pay the application fee to the county assessor for deposit in the county current expense fund, after first deducting that portion of the fee attributable to its own administrative costs in processing the application. If the application shall result in a denial by the city, the city shall retain that portion of the fee attributable to its own administrative costs and refund the balance to the applicant.

Is hereby amended to read as follows:

**Application procedures.** A property owner who wishes to propose a project for a tax exemption shall comply with the following procedures:

A. Prior to the application for any building permit therefor, the applicant shall submit an application to the director, on a form established by the director along with the required fees. The initial application fees to the city shall consist of a base fee of five hundred dollars, plus twenty-five dollars per multifamily unit. An additional one hundred fifty dollar fee to cover the Snohomish County assessor's administrative costs shall also be paid to the city. If the application is approved, the city shall pay the application fee to the county assessor for deposit in the county current expense fund, after first deducting that portion of the fee attributable to its own administrative costs in processing the application. If the application shall result in a denial by the city, the city shall retain that portion of the fee attributable to its own administrative costs and refund the balance to the applicant. Notwithstanding the above, an applicant for a project located strictly within an Institutional Overlay Zone may submit an application along with the required fees to the director subsequent to the application for any building permit therefor, but prior to issuance of a Certificate of Occupancy for the project.

**Section 2.** This Ordinance shall become void on January 1, 2017.

**Section 3. SEVERABILITY.** Should any section, paragraph, clause or phrase of this Ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this Ordinance be pre-empted by State or federal law or regulations, this shall not affect the validity of the remaining portions of this Ordinance or its application to other persons or circumstances.

**Section 4. CONFLICT.** In the event there is a conflict between the provisions of this Ordinance and any other City ordinance, the provisions of this Ordinance shall control.

**Section 5. CORRECTIONS.** The City Clerk and the codifiers of this Ordinance are authorized to make necessary corrections to this Ordinance including, but not limited to, the correction of scrivener's/clerical errors, references, ordinance numbering, section/subsection number and any references thereto.

**Section 6. GENERAL DUTY.** It is expressly the purpose of this Ordinance to provide for and promote the health, safety and welfare of the general public and not to create or otherwise establish or designate any particular class or group of persons who will or should be especially protected or benefited by the terms of this Ordinance. It is the specific intent of this Ordinance that no provision or any term used in this Ordinance is intended to impose any duty whatsoever upon the City or any of its officers or employees. Nothing contained in this Ordinance is intended nor shall be construed to create or form the basis of any liability on the part of the City, or its officers, employees or agents, for any injury or damage resulting from any action or inaction on the part of the City related in any manner to the enforcement of this Ordinance by its officers, employees or agents.

**RAY STEPHANSON, MAYOR**

\_\_\_\_\_

ATTEST: \_\_\_\_\_

CITY CLERK

Passed: \_\_\_\_\_

Valid: \_\_\_\_\_

Published: \_\_\_\_\_

Effective Date: \_\_\_\_\_

RECEIVED

APR 22 2016

CITY OF EVERETT  
PLANNING DEPT



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Office of the President  
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April 19, 2016

Allan Giffen  
Planning Director  
City of Everett  
2930 Wetmore Avenue, Suite 8A  
Everett, WA 98201

Dear Allan,

Everett Community College requests the City of Everett amend the Everett Municipal Code Section 3.78.080 which addresses the timing of the application for the conditional certificate of property tax exemption.

The College was supportive of the previous City Council adoption of the multi-family tax exemption (MFTE) for the development of student housing. New student housing, in close proximity to the campus, will be needed to support the growth of both the EvCC International Programs and the Washington State University Everett Academic Center.

Koz Development is currently constructing a 120 unit student housing facility for the College. They had intended to submit at the time of the building permit the MFTE application. Unfortunately, Koz mistakenly misinterpreted RCW 84.36.050 (tax-exempt RCW for non-profit colleges and schools) and believed this RCW was applicable to their properties for the project. Additional investigation with Department of Revenue and the Department of Enterprise Services AAG resulted in a finding that this RCW wasn't applicable.

The property tax exemption is necessary for the building to be economically feasible for the College. Therefore, the College is requesting the MFTE ordinance be amended so Koz Development can submit their application.

Thank you for your consideration on this request.

Sincerely,

A handwritten signature in black ink that reads "David N. Beyer". The signature is written in a cursive, slightly slanted style.

David N. Beyer  
President