



Memorandum

Date: 10/15/2024  
Meeting of: City Council

File No. AM No. 24-158  
Type: Public Hearing

TO: Members of the City Council  
FROM: Mayor Angela Birney  
DEPARTMENT DIRECTOR CONTACT(S):

Planning and Community Development	Carol Helland	425-556-2107
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DEPARTMENT STAFF:

Planning and Community Development	Seraphie Allen	Deputy Director
Planning and Community Development	Jeff Churchill	Long Range Planning Manager
Planning and Community Development	Ian Lefcourte	Senior Planner

TITLE:  
Redmond 2050: Multifamily Housing Property Tax Exemption Public Hearing

OVERVIEW STATEMENT:

Staff recommends that the City Council hold a public hearing concerning a proposal to: expand the Overlake Residential Targeted Area, create a Faith-Based Institutions Residential Targeted Area, and create a Neighborhood Residential Targeted Area. The public hearing fulfills the commitment created by Resolution No. 1592, which was adopted by City Council at the Oct. 1, 2024, business meeting.

The Multifamily Housing Property Tax Exemption (MFTE) is a tax incentive program that is authorized by the state of Washington as a potential tool for local jurisdictions to adopt. The MFTE program is intended to help increase multifamily market housing and affordable housing by exempting the residential portions of new multifamily or mixed-use constructions from property taxes. Multifamily and mixed-use developments can only qualify for MFTE if they are within certain designated areas.

These designated areas are called "residential target areas" (RTAs). In order to establish a multifamily property tax exemption program the City must designate one or more residential targeted areas that are consistent with the criteria in Revised Code of Washington (RCW) 84.14.040 and within which property tax exemption projects may be considered. Local jurisdictions must establish these RTAs themselves.

When jurisdictions want to establish or amend RTAs, RCW 84.14.040 requires that:

1. The governing authority will adopt a resolution of intent to designate one or more areas.
2. The resolution must include the time and place of a public hearing.
3. The public hearing is held to consider the area designation.
4. A notice for the public hearing must be published once a week for two consecutive weeks.

5. The notice must be published at least seven days but no more than thirty days before the hearing.

The City of Redmond adopted a MFTE program in 2017 and the program has experienced much success with a high rate of participation from local development. The proposed RTA changes align with direction in the Redmond 2050 Periodic Comprehensive Plan Update.

**Additional Background Information/Description of Proposal Attached**

**REQUESTED ACTION:**

- Receive Information**                       **Provide Direction**                       **Approve**

**REQUEST RATIONALE:**

- **Relevant Plans/Policies:**  
Comprehensive Plan: policy HO-44 calls for incentive programs to increase the supply of affordable housing.  
Housing Action Plan: identifies actions to complete to pursue the City’s housing goals, including updating the City’s inclusionary zoning and MFTE programs
- **Required:**  
Public hearing required by chapter 84.14 RCW.
- **Council Request:**  
N/A
- **Other Key Facts:**  
The resolution fulfills a portion of the obligations of the Revised Code of Washington related to the establishment of Multifamily Property Tax Exemption program (MFTE) Residential Targeted Areas (RTAs).

**OUTCOMES:**

Holding the public hearing will allow the City to expand the geographic areas of the City that provide developments with potential MFTE eligibility. This could increase the supply of market rate housing and affordable housing.

**COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:**

- **Timeline (previous or planned):**  
N/A
- **Outreach Methods and Results:**  
N/A
- **Feedback Summary:**  
N/A

**BUDGET IMPACT:**

**Total Cost:**

n/a

Approved in current biennial budget:  Yes  No  N/A

Budget Offer Number:  
0000037

Budget Priority:  
Vibrant and Connected

Other budget impacts or additional costs:  Yes  No  N/A

If yes, explain:  
N/A

Funding source(s):  
N/A

Budget/Funding Constraints:  
N/A

Additional budget details attached

**COUNCIL REVIEW:**

**Previous Contact(s)**

Date	Meeting	Requested Action
10/1/2024	Business Meeting	Approve

**Proposed Upcoming Contact(s)**

Date	Meeting	Requested Action
11/4/2024	Committee of the Whole - Planning and Public Works	Provide Direction
11/19/2024	Business Meeting	Approve

**Time Constraints:**

Due to the RCW requirements for RTA expansion, the following are time constraints related to this item:

- The Council approved a resolution setting the hearing date on Oct. 1.
- Staff published notice of the public hearing on Oct. 2 and Oct. 8.
- Council will hold the public hearing at its Oct. 15 business meeting.
- Staff will address any follow-up at the Planning and Public Works Committee of the Whole meeting on Nov. 4.
- Council takes final action on changes to the RTAs on Nov. 19. The associated enacting amendments are already included within the broader Redmond 2050 amendment package. Redmond 2050 is scheduled for adoption on the Nov. 19 business meeting.

**ANTICIPATED RESULT IF NOT APPROVED:**

Redmond will not have the opportunity to expand RTAs and thus expand opportunities for affordable housing production.

**ATTACHMENTS:**

Attachment A: Resolution establishing a public hearing and intent to designate RTAs

Attachment B: Public Hearing Notice

Attachment C: Proof of Public Hearing

Attachment D: Proposed Amendments to RMC 3.38