



## Memorandum

**Date:** 4/15/2025  
**Meeting of:** City Council

**File No.** AM No. 25-054  
**Type:** Consent Item

**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:**

Adoption of a Resolution of Intention to Hold a Public Hearing Concerning a Proposal to Expand the Downtown Residential Targeted Area, Expand the Marymoor Residential Targeted Area, and Create a Mixed-Use Residential Targeted Area

- a. Resolution No. 1602: A Resolution of the City Council of the City of Redmond, Washington, Notifying the Public of its Intent to Designate Three Locations as Residential Targeted Areas (Downtown, Marymoor, and Mixed-Use) for the Purposes of Expanding the City's Multifamily Property Tax Exemption Program and Setting the Required Public Hearing

**OVERVIEW STATEMENT:**

Staff recommends adoption of the resolution in Attachment A to establish an intention to hold a public hearing on May 6, 2025, concerning a proposal to:

1. Expand the existing Downtown Residential Targeted Area, and
2. Expand the existing Marymoor Residential Targeted Area, and
3. Create a new Mixed-Use Residential Targeted Area.

The Multifamily Housing Property Tax Exemption (MFTE) is a tax incentive program that is authorized by the state of Washington. It is intended to help increase multifamily market housing and affordable housing by exempting the residential portions of new multifamily or mixed-use construction from property taxes. Multifamily and mixed-use developments can only qualify for MFTE if they are within certain designated areas, called "residential targeted areas" (RTAs).

In order to establish an MFTE program the City must designate one or more RTAs that are consistent with the criteria in the Revised Code of Washington (RCW) 84.14.040. Developments within RTAs may be considered for tax exemptions.

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

1. The governing authority adopt a resolution of intent to designate one or more areas.
2. The resolution include the time and place of a public hearing.

3. The public hearing be held to consider the area designation.
4. A notice for the public hearing be published once a week for two consecutive weeks.
5. The notices be published at least seven days but no more than thirty days before the hearing.

RCW 84.14.040 states that areas within a city may be designated as an RTA if the following criteria are met:

- A. The area must be within an “urban center”, as determined by the city, or within the urban growth area;
  - This criterion is satisfied. All the proposed RTA amendments are within the urban growth area.
- B. The area must lack, as determined by the governing authority, sufficient residential housing, including affordable housing, to meet the public needs;
  - This criterion is satisfied. The King County Countywide Planning Policies estimate housing need, for all income levels, for each jurisdiction. There is a significant need for market-rate and affordable housing in Redmond.
- C. The providing of additional housing opportunity, including affordable housing, in the area, as determined by the governing authority, will assist in achieving one or more of the stated purposes of this chapter;
  - This criterion is satisfied. RCW 84.14.007 “Purpose”:
    - Increase residential options, especially affordable housing.
      - This criterion is satisfied. Redmond’s proposed MFTE RTAs and parameters promote development of market-rate and cost-controlled affordable housing.
    - Focuses on urban centers where there is not enough housing, including affordable options.
      - This criterion is satisfied. Redmond’s proposed MFTE RTAs focus on major areas of activity, which contain a mix of uses and activities such as residential, business, cultural, and recreation.
    - Encourage the construction of new multifamily housing.
      - This criterion is satisfied. Redmond’s proposed MFTE RTAs and parameters promote construction by offering tax exemptions, which helps the financial feasibility of development.

The City of Redmond adopted a MFTE program in 2017 and the program has experienced much success with a high rate of participation. The proposed RTA changes support the goals and policies of the Redmond Comprehensive Plan.

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

**REQUESTED ACTION:**

☐ **Receive Information**                      ☐ **Provide Direction**                      ☒ **Approve**

**REQUEST RATIONALE:**

- **Relevant Plans/Policies:**  
Comprehensive Plan: Policy HO-6 identify and implement strategies to meet affordable housing targets identified in the King County Countywide Planning Policies. Policy HO-7 promote a broad range of housing types with incentives and programs.  
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 MFTE program 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):**  
A public hearing is proposed for May 6, 2025.
- **Outreach Methods and Results:**  
City Council public hearing.
- **Feedback Summary:**  
Pending. Feedback is scheduled to be received during the May 6 Public Hearing.

**BUDGET IMPACT:**

**Total Cost:**

\$5,350,743 is the total value of the Community and Economic Development offer, which includes the staff time devoted to this work.

Approved in current biennial budget: ☒ Yes ☐ No ☐ N/A

**Budget Offer Number:**

0000304 - Community and Economic Development

**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
4/1/2025	Committee of the Whole - Planning and Public Works	Provide Direction

**Proposed Upcoming Contact(s)**

Date	Meeting	Requested Action
5/6/2025	Business Meeting	Receive Information
6/3/2025	Committee of the Whole - Planning and Public Works	Provide Direction
6/17/2025	Business Meeting	Approve

**Time Constraints:**

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

- Council to approve a resolution (setting the hearing date) on April 15.
- Staff will publish notice of the public hearing on April 21 and April 28.
- Council will hold the public hearing at its May 6 business meeting.
- Staff will address any follow-up at the Planning and Public Works Committee of the Whole meeting on June 3.
- Council takes final action on changes to the RTAs on June 17. The associated enacting amendments will be integrated into ordinances of the broader Redmond 2050: 2025 Code Package, scheduled for final council action at that same June 17 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 date and intent to designate RTAs