

Issue	Discussion Notes	Issue Status
<p>Impact to Schools (Stuart)</p>	<p>Councilmember Comment Councilmembers shared that Lake Washington School District sent written comment inquiring on the impact of Multifamily Property Tax Exemption (MFTE) on enrollment and the property tax base. Councilmembers expressed interest in impacts to property tax collection for schools and student quality of life.</p> <p>Staff Comment <u>Student quality of life.</u> The primary impact to student quality of life is an increase in opportunity for students from diverse economic backgrounds to obtain a world-class education at LWSD schools in Redmond.</p> <p><u>Property tax base and tax collections.</u> The mechanics of how MFTE affects the tax base and tax collections is a complicated topic. The information below is simplified and does not account for every situation.</p> <p>In most cases, a MFTE project results in both forgone (or “loss of”) revenue and a tax shift to other taxpayers.</p> <ul style="list-style-type: none"> • <u>Tax shift.</u> Frequently, a developer has paid taxes on the residential improvements of a project before the exemption takes effect. The City and other taxing jurisdictions are entitled to continue collecting the same amount of taxes (plus 1%) from one year to the next. For example, if a project pays \$10,000 for partially completed improvements (let’s say 50%) in 2023 and that project gets final MFTE certification this year, the improvements are tax-exempt in 2024 and that \$10,000 (plus 1%, theoretically) would be shifted to other taxpayers. • <u>Foregone revenue.</u> If the project paid taxes on a 50% completed project in 2023 and it’s not exempt until 2024, the other 50% of the improvements have never been taxed. Whatever revenue the City and others would have levied on the new improvement value can’t be collected from anyone until the exemption expires; hence, it won’t be shifted to other taxpayers - it’s merely foregone. <p>Local school levies are “excess levies,” which are not constrained by the prior year’s tax levy nor the 1% growth cap. Excess levies are voter-approved and authorize the taxing district to collect all the approved</p>	<p>Opened 10/16</p>

Issue	Discussion Notes	Issue Status
	<p>revenue. <u>With excess levies, there is no foregone revenue due to MFTE</u> - all revenue is shifted to taxable properties as described above.</p> <p><u>Anticipated future impacts.</u> The District’s letter asks about impacts to the number of students and to the tax base.</p> <ul style="list-style-type: none"> • <u>Student enrollment.</u> The Redmond 2050 preferred growth alternative includes about 21,000 new homes within LWSD boundaries in Redmond, of which almost 20,000 would be multifamily homes. The District is interested in the portion of homes that will be affordable because those tend to have higher student generation rates. Staff estimates that the City’s mandatory inclusionary zoning and MFTE programs could produce up to about 2,400 affordable homes between 2019 and 2050 within LWSD boundaries in Redmond. Additional affordable homes could be expected through new construction or acquisition by housing authorities and non-profit housing developers. Those are more difficult to predict and depend heavily on availability of land and public funding. A detailed table with this information has been provided to LWSD. • <u>District tax base.</u> As noted above, revenue generated from LWSD’s local levies is not affected by MFTE. 	
<p>Faith-Based Organizations (Kritzer)</p>	<p>Councilmember Comment Council member expressed interest in the relatively small and specific geographic area of the Faith-Based Institution Residential Targeted Area (RTA).</p> <p>Staff Comment Developments within RTAs can apply to participate in the City’s Multifamily Property Tax Exemption Program (MFTE).</p> <p>The amendment proposal for a new Faith-based institution RTA encompasses the existing property for the Overlake Christian Church (OCC) on Willows Rd NE. The first reason that the proposed new Faith-based institution RTA does not include more faith-based institutions is that many faith-based institutions are already located within existing Redmond MFTE RTAs. This includes at least two in the Marymoor RTA and at least three in the Downtown RTA (see map that follows). The second reason is that other existing faith-based institutions are located in zones that do not allow multifamily as a use, including several in</p>	<p>Opened 10/16</p>

Issue	Discussion Notes	Issue Status
	<p>Neighborhood Residential zones and others in Manufacturing Park zones in Southeast Redmond, where multifamily is prohibited by recommended Comprehensive Plan policy.</p> <p>The City Council could revise this and other RTA boundaries in the future as conditions or needs change.</p>	

Issue

Discussion Notes

Issue Status

