

ATTACHMENT E

CODE

CITY OF REDMOND ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF REDMOND, WASHINGTON, AMENDING CHAPTER 3.38 MULTIFAMILY HOUSING PROPERTY TAX EXEMPTION OF THE REDMOND MUNICIPAL CODE TO DEFINE AND REFERENCE AREA MEDIAN INCOME, PROVIDING FOR SEVERABILITY AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the City of Redmond periodically updates the Redmond Municipal Code to correct non-substantive errors such as those resulting from outdated or incorrect references, to reflect changes to names and terminology, and to ensure the code's clarity; and

WHEREAS, Area Median Income is not currently defined in the Redmond Zoning Code and, is defined and referenced in an inconsistent manner within the Redmond Zoning Code and Redmond Municipal Code; and

WHEREAS, consistent use of terminology by the City of Redmond's policy and regulations is important for accurate and predictable use and understanding during the course of public and private development and code administration; and

WHEREAS, a series of minor amendments herein provides consistent use of the term, Area Median Income, ensuring additional consistency with City policy, operational standards, and with regional, county, and state standards; and

WHEREAS, state agencies received 60-day notice of the proposed amendments on August 27, 2020; and

WHEREAS, a State Environmental Policy Act checklist was prepared and a Determination of Non-significance was issued on September 9, 2020 for the proposed amendments; and

WHEREAS, the City Council held a public meeting on December 8, 2020 and January 5, 2021 to consider the proposed amendments; and

WHEREAS, a notice of the City Council's action on this proposed amendment was provided on January 26, 2021; and

WHEREAS, the City of Redmond desires to amend portions of the Redmond Municipal Code as set forth in this ordinance.

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

Section 1. Classification. This ordinance is of a general and permanent nature and shall become a part of the Redmond Municipal Code.

Section 2. Amendment of Sections. The following sections: 3.38.030 Definitions and 3.38.120 Exemption - Duration - Affordability Requirements - Limits of RMC Chapter 3.38 Multifamily Housing Property Tax Exemption are hereby amended to read as follows:

3.38.030 Definitions.

(A) The following definitions are specific to this chapter and shall have the following meanings:

- "Affordable housing unit" means a dwelling unit as defined in the Redmond Zoning Code that is reserved for occupancy by eligible households and rented at an affordable rent.
- "Affordable rent" means that the annual rent and other required expenses for the unit do not exceed 30 percent of the percentage of the applicable area median income adjusted for household size designated in RMC 3.38.120 for qualifying affordable units.
- "Assessor" means the King County assessor.
- "Director" means the director of the city's Department of Planning and Community Development, or his or her authorized designee.
- "Eligible household" means one or more adults and their dependents who, as set forth in the regulatory agreement referenced in RMC 3.38.060(F), certify that their household annual income does not exceed the applicable percent of the [~~KING COUNTY~~] area median income, adjusted for household size, and who certify that they meet all qualifications for eligibility, including, if applicable, any requirements for recertification on income eligibility.

- "Household annual income" means the aggregate annual income of all persons over 18 years of age residing within the same household for a period of at least four months.

- "[~~KING COUNTY~~] **Area** median income" means the median income for the Seattle-Bellevue, WA, HUD Metro **Fair Market Rent (FMR)** Area as most recently determined by the Secretary of Housing and Urban Development (the "Secretary") under Section 8(f)(3) of the United States Housing Act of 1937, as amended. In the event that HUD no longer publishes median income figures for King County, the City may use or determine such other method as it may choose to determine the [~~KING COUNTY~~] **area** median income, adjusted for household size. **Also referred to as the "King County Area Median Income" and "Median Income".**

- "MFTE" means multifamily housing property tax exemption.

- "MFTE contract" means the agreement between the property owner and the City regarding the terms and conditions of the project and eligibility for exemption under this chapter.

- "MFTE covenant" means the agreement that is in a form acceptable to the City Attorney that addresses price

restrictions, eligible household qualifications, long-term affordability, and any other applicable topics of the affordable housing units as referenced in RMC 3.38.060.

- "Multifamily housing" means a structure per RZC 21.78, Definitions, designed for permanent residential occupancy resulting from new construction.
- "Owner" means the property owner of record.
- "Permanent residential occupancy" means multifamily housing that provides rental occupancy for a period of at least one month, and excludes transient lodging.
- "Project" means the multifamily housing or portion of the multifamily housing that is to receive the tax exemption.
- "Residential targeted area" means an area within an urban center as defined by Chapter 84.14 RCW that the City has so designated by the City Council pursuant to this chapter.

3.38.120 Exemption - Duration - Affordability Requirements - Limits.

(A) The value of new housing construction qualifying under this chapter shall be exempt from ad valorem property taxation as follows:

(1) In the Marymoor Residential Targeted Area.

(a) Length of Exemption. For eight or 12 successive years beginning January 1 of the year immediately following the calendar year of issuance of the certificate for rental projects where at least the required minimum number of units are affordable units as specified in Table 1.

(b) Table 1: Required Minimum Affordability Levels. Affordable Rents as indicated:

Table 1: Marymoor Residential Targeted Area

Length of Exemption	Number of Units	Affordability Level
8 years	First 10%	50% AMI
12 years	First 10%	60% AMI
	Second 10%	80% AMI

(2) In the Downtown and Overlake Village Residential Targeted Areas.

(a) Length of Exemption. For eight or 12 successive years beginning January 1 of the year immediately following the calendar year of issuance of the certificate for rental projects where at least the required minimum number of units are affordable units as specified in Table 2.

(b) Table 2. Required Minimum Affordability Levels. Affordable Rents as indicated:

Table 2: Downtown and Overlake Village Residential Targeted Areas

Length of Exemption	Number of Units	Affordability Level
8 years	First 10%	60% AMI
12 years	First 10%	65% AMI
	Second 10%	85% AMI

(B) For any affordable units required in this section, the following shall apply:

(1) Affordable units shall have affordable rents as defined in RMC 3.38.030. The mix and configuration of affordable units (e.g., very small units, studio, one-bedroom, two bedroom, etc.) at each affordability level shall be substantially proportional to the mix and configuration of the total housing units in the project unless otherwise approved by the Director.

(2) Affordable units will be reserved for occupancy by eligible households who certify that their household annual income does not exceed the applicable percent of the [~~KING COUNTY~~] **area** median income; and who certify that they meet all qualifications for eligibility, including any requirements for recertification on income

eligibility as set forth in the MFTE covenant referenced in RMC 3.38.060(F).

(3) The location of the affordable housing units shall be approved by the Director, with the intent that they generally be intermingled with all other dwelling units in the development.

(4) If the percentage of affordable units in the project required is a fraction, then the number of required affordable units shall be rounded up to the next whole number (units) if the fraction of the whole number is at least 0.50.

(C) The exemption does not apply to the value of land or to the value of improvements not qualifying under this chapter, to increases in assessed valuation of land and nonqualifying improvements, or to increases made by lawful order of the King County Board of Equalization, Washington State Department of Revenue, State Board of Tax Appeals, or King County, to a class of property throughout the county or a specific area of the county to achieve uniformity of assessment or appraisal as required by law..

Section 3. All other sections of RMC Chapter 3.38 are unchanged by this ordinance.

Section 4. Severability. If any section, sentence, clause, or phrase of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity of any other section, sentence, clause, or phrase of this ordinance.

Section 5. Effective Date. This ordinance shall become effective five days after its publication, or publication of a summary thereof, in the city's official newspaper, or as otherwise provided by law.

ADOPTED by the Redmond City Council this 16 day of February, 2021.

CITY OF REDMOND

ANGELA BIRNEY, MAYOR

ATTEST:

(SEAL)

CHERYL XANTHOS, CMC, CITY CLERK

APPROVED AS TO FORM:
OFFICE OF THE CITY ATTORNEY:

JAMES HANEY, CITY ATTORNEY

FILED WITH THE CITY CLERK:
PASSED BY THE CITY COUNCIL:
SIGNED BY THE MAYOR:
PUBLISHED:
EFFECTIVE DATE:
ORDINANCE NO.