

ORDINANCE No. 4312

AN ORDINANCE OF THE CITY OF KIRKLAND AMENDING KIRKLAND MUNICIPAL CODE CHAPTER 5.88 REGARDING THE MULTIFAMILY HOUSING PROPERTY TAX EXEMPTION.

WHEREAS, Washington state law, Chapter 84.14 RCW, provides for the exemption from ad valorem property taxation for the value of eligible improvements associated with qualifying multi-unit housing located in residential targeted areas and authorizes the City to designate said residential targeted areas; and

WHEREAS, the stated purpose of Chapter 84.14 RCW is to increase residential opportunities by stimulating construction of new multifamily housing and the rehabilitation of existing vacant and underutilized buildings for multifamily housing in areas where the City finds there are insufficient residential opportunities; and

WHEREAS, the City Council solicited public comment regarding the residential targeted areas and this Ordinance at a public hearing on June 21, 2011 and gave notice of hearing in accordance with RCW 84.14.040; and

WHEREAS, the City finds that the areas designated as residential targeted areas in this Ordinance are each located within an urban center as defined in RCW 84.14.010, that each area lacks sufficient available, desirable and convenient residential housing, including affordable housing, to meet the needs of the public who would be likely to live in such areas if the affordable, desirable, attractive and livable residences were available; and that the residential targeted areas implemented by this Ordinance will encourage increased residential opportunities within the City and stimulate the construction of new multifamily housing and the rehabilitation of existing vacant and underutilized buildings for multifamily housing.

NOW, THEREFORE, the City Council of the City of Kirkland do ordain as follows:

Section 1. Chapter 5.88 of the Kirkland Municipal Code is hereby amended to read as follows:

As set forth in Attachment A attached to this ordinance and incorporated by reference.

Section 2. If any provision of this ordinance or its application to any person or circumstance is held invalid, the remainder of the ordinance, or the application of the provision to other persons or circumstances is not affected.

Section 3. This ordinance shall be in force and effect five days from and after its passage by the Kirkland City Council and publication pursuant to Section 1.08.017, Kirkland Municipal Code in the summary

5.88.030 Residential targeted areas—Criteria—Designation—Rescission.

(a) Following notice and public hearing as prescribed in RCW 84.14.040, the city council may designate one or more residential targeted areas, in addition to the areas stated in subsection (d) of this section, upon a finding by the city council in its sole discretion that the residential targeted area meets the following criteria:

- (1) The residential targeted area is within an urban center as defined by Chapter 84.14 RCW;
- (2) The residential targeted area lacks sufficient available, desirable and convenient residential housing, including affordable housing, to meet the needs of the public who would be likely to live in the urban center if the affordable, desirable, attractive and livable residences were available; and
- (3) Providing additional housing opportunity in the residential targeted area will assist in achieving one or more of the following purposes:
 - (A) Encourage increased residential opportunities within the city; or
 - (B) Stimulate the construction of new affordable multifamily housing; or
 - (C) Encourage the rehabilitation of existing vacant and underutilized buildings for multifamily housing.

(b) In designating a residential targeted area, the city council may also consider other factors, including:

- (1) Whether additional housing in the residential targeted area will attract and maintain an increase in the number of permanent residents;
- (2) Whether providing additional housing opportunities for low and moderate income households would meet the needs of citizens likely to live in the area if affordable residences were available;
- (3) Whether an increased permanent residential population in the residential targeted area will help to achieve the planning goals mandated by the Growth Management Act under Chapter 36.70A RCW, as implemented through the city's comprehensive plan; or
- (4) Whether encouraging additional housing in the residential targeted area supports plans for significant public investment in public transit or a better jobs and housing balance.

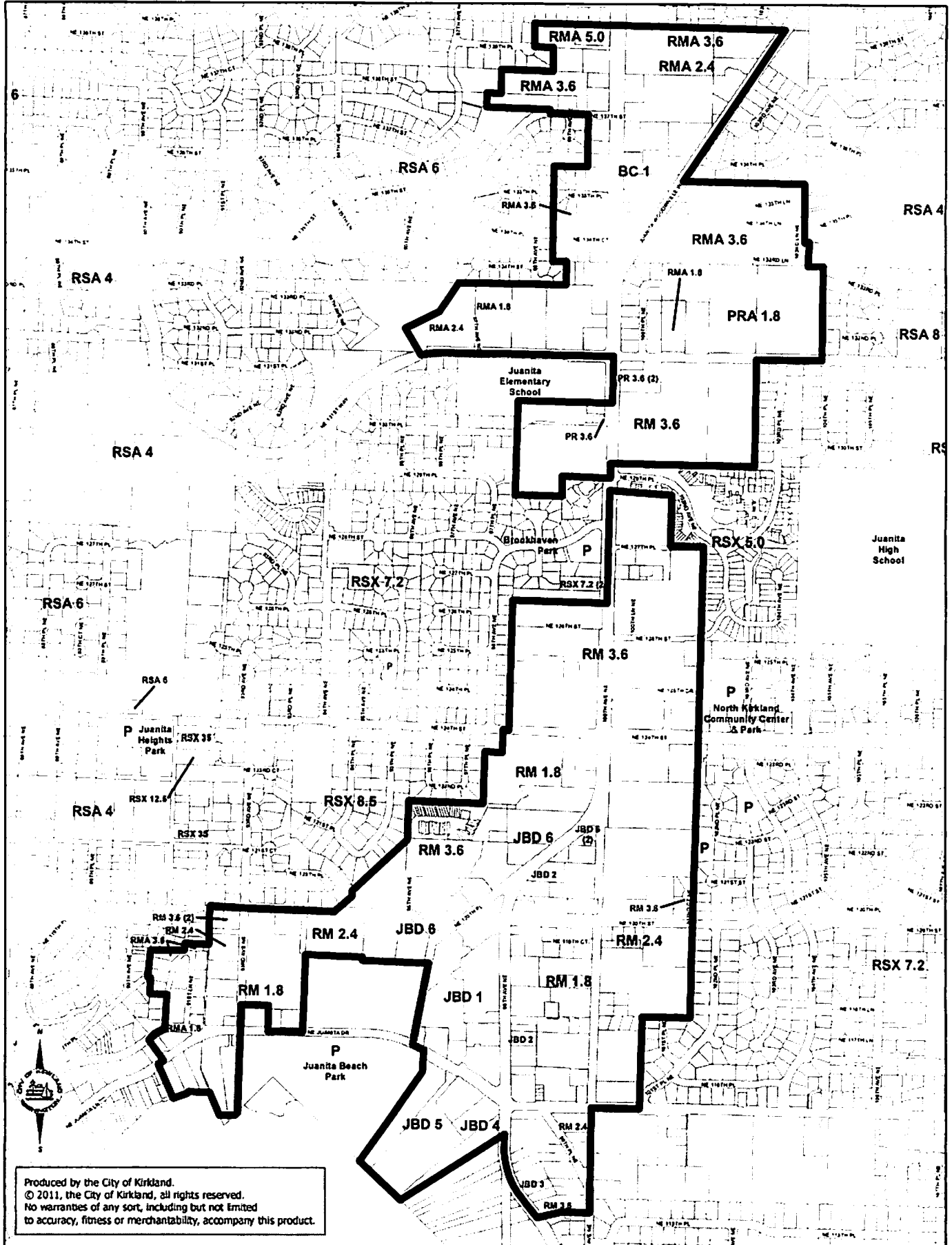
(c) At any time, the city council may, by ordinance, in its sole discretion, amend or rescind the designation of a residential targeted area pursuant to the same procedural requirements as set forth in this chapter for original designation.

(d) The following areas, as shown in Maps 1 through 8 11 in this section, meet the criteria of this chapter for residential targeted areas and are designated as such:

- (1) Central Kirkland;
- (2) Totem Lake and North Rose Hill;
- (3) Juanita;
- (4) NE 85th Street;
- (5) Houghton/Everest;
- (6) Bridle Trails;
- (7) Lakeview; and
- (8) Market Street Corridor;
- (9) Finn Hill North;
- (10) Finn Hill South; and
- (11) Kingsgate.

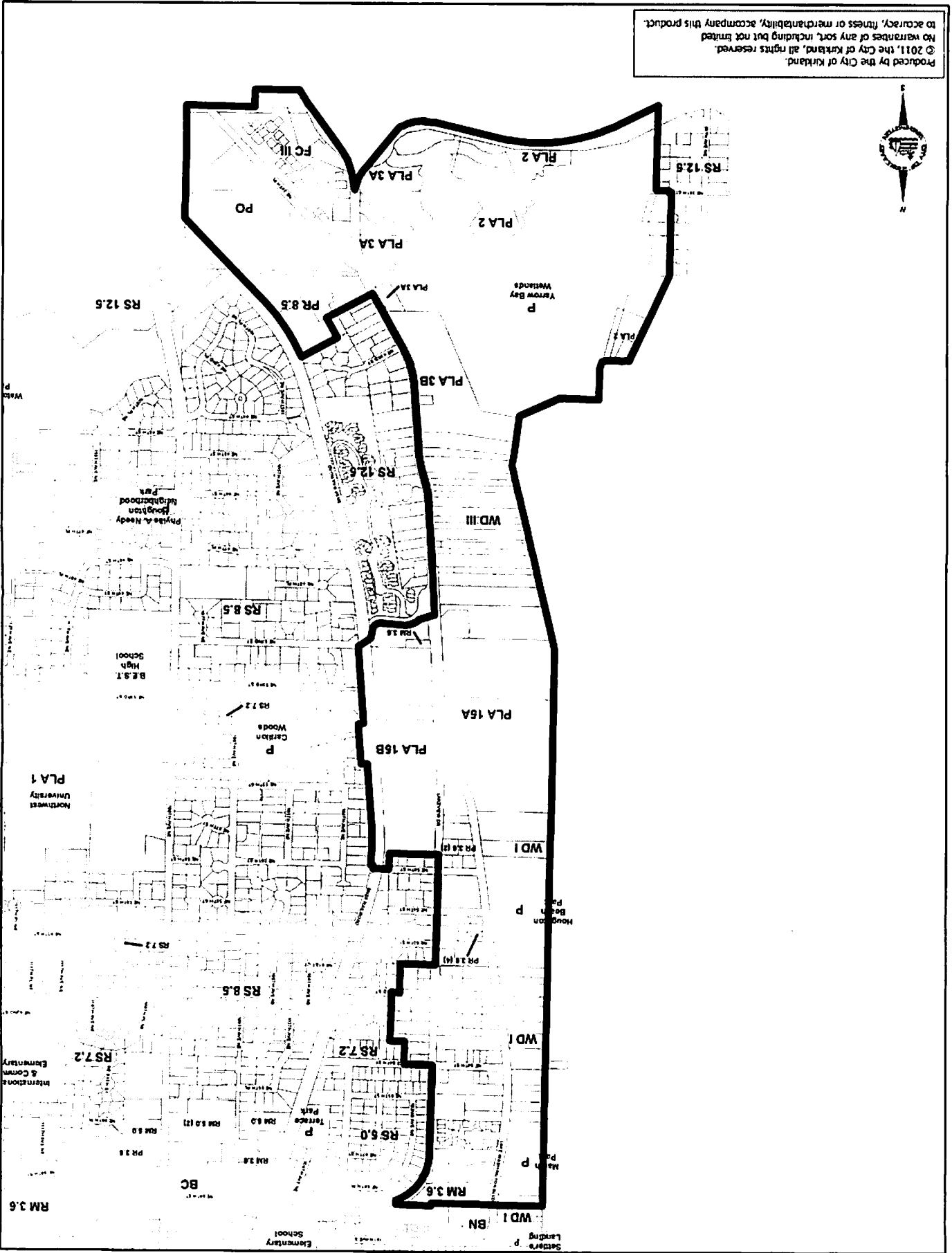
(e) If a part of any legal lot is within a residential targeted area as shown in Maps 1 through 8 11 in this section, then the entire lot shall be deemed to lie within such residential targeted area.

Juanita Residential Targeted Areas



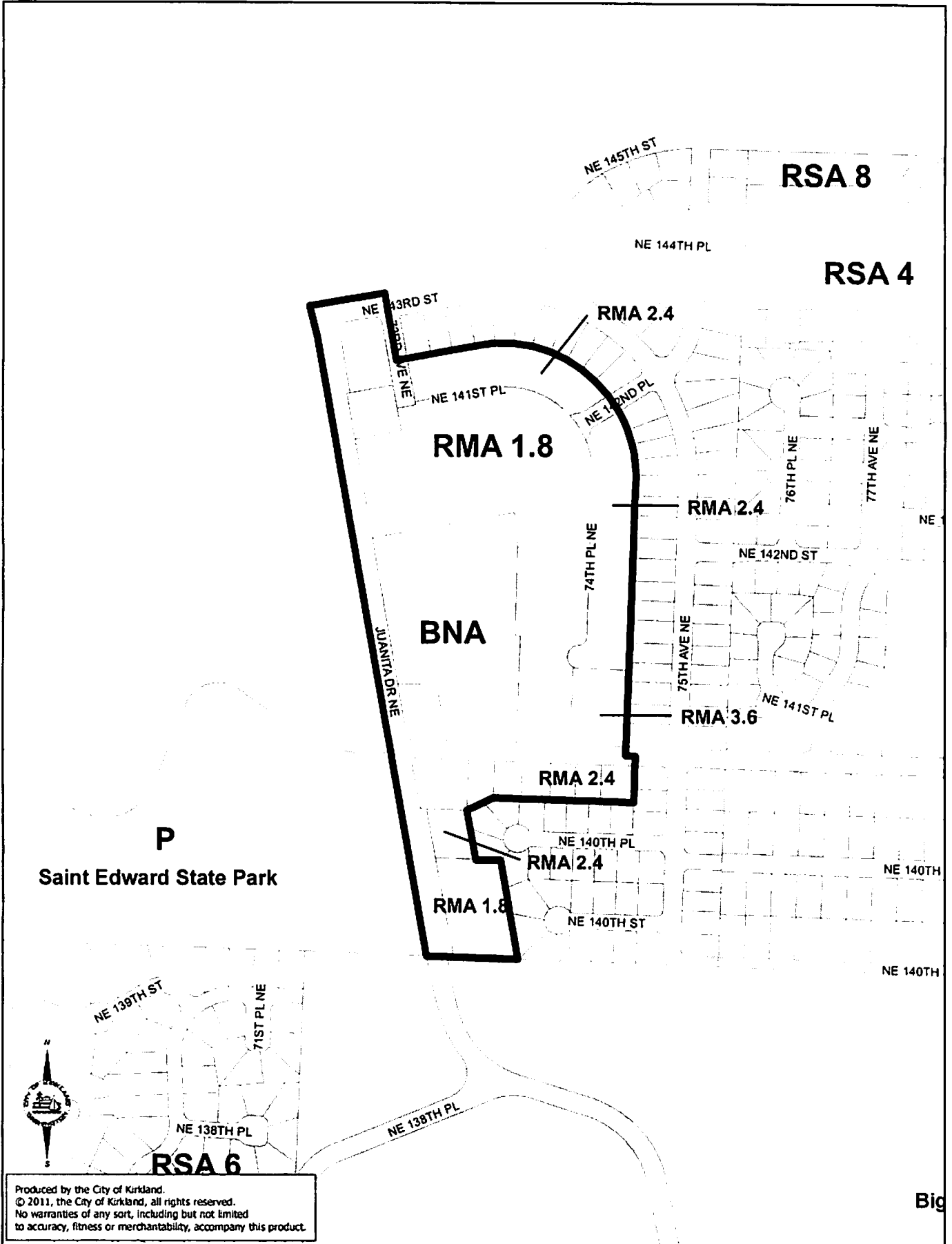
Lakeview Residential Targeted Areas

O-4312 Attachment A



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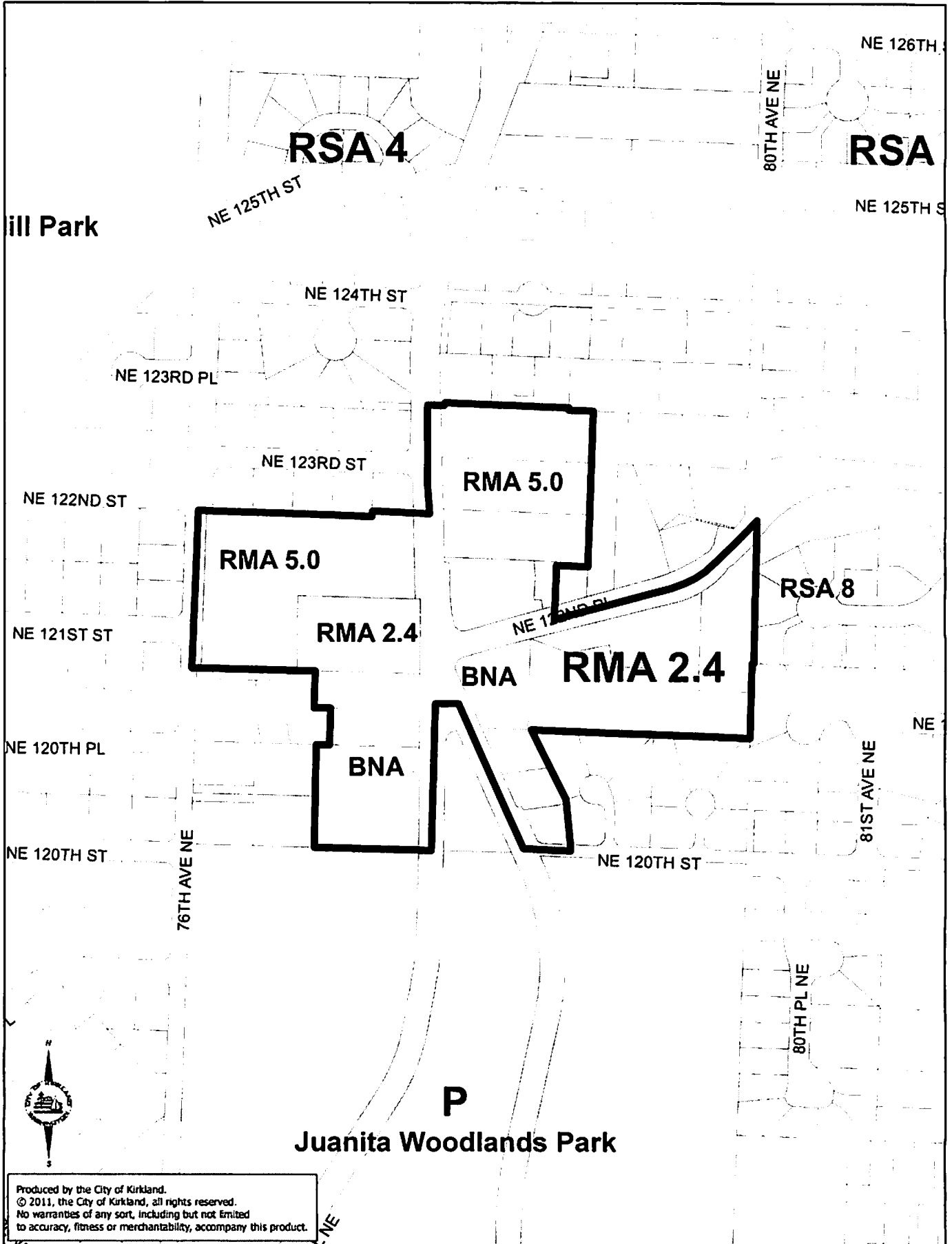
Finn Hill North Residential Targeted Areas



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Big

Finn Hill South Residential Targeted Areas



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5.88.090 Exemption—Duration—Affordability requirements—Limits.

(a) The value of all new housing construction in the YBD 1 zoning district shall be exempt from ad valorem property taxation for eight years if not less than 20 percent nor more than 50 percent of the residential units in the zoning district are affordable, as defined in Section 5.88.090(a)(1), below. For owner-occupied projects, the exemption shall apply only to those units that are affordable. For renter-occupied projects, a minimum of 10 percent of the total residential units shall be affordable at a maximum of 50 percent of the King County median household income. For renter-occupied projects, the exemption shall extend to twelve years if at least 25 percent of the residential units in the zoning district are affordable, with no less than 15 percent of the residential units affordable at a maximum of 50 percent of the King County median household income. The following standards apply to exemptions in this zoning district:

(1) "Affordable" means housing reserved for occupancy by eligible households and affordable to households whose household annual income meets the following percentages of the King County median household income, adjusted for household size, as determined by the United States Department of Housing and Urban Development (HUD), and no more than thirty percent of monthly household income is paid for monthly housing expenses:

(A) For renter-occupied dwelling units, not more than 70 percent; and

(B) For owner-occupied dwelling units, not more than 80 percent, or that have such other comparable level of affordability as provided for in Section 56.10 of the Kirkland Zoning Code. In the event that HUD no longer publishes median income figures for King County, the city may use another method to determine the King County median income, adjusted for household size.

(2) "Monthly housing expenses" includes rent and an appropriate utility allowance for renter-occupied dwelling units. It includes mortgage, mortgage insurance, property taxes, property insurance and homeowners' dues for owner-occupied dwelling units.

(3) 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 (unit) if the fraction of the whole number is at least 0.66.

(4) The residential units may be developed in phases and, subject to the approval of the director, the affordable units may all be located in one of the phases. If phasing is approved, the director may allow separate contracts for each phase.

(5) The exemption begins January 1st of the year immediately following the calendar year of issuance of the certificate.

(ab) In all zoning districts except YBD 1, the value of new housing construction and rehabilitation improvements qualifying under this chapter shall be exempt from ad valorem property taxation for:

(1) Eight successive years beginning January 1st of the year immediately following the calendar year of issuance of the certificate for rental projects where at least ten percent of the units are affordable as defined in Section 5.88.020(a), or have such other comparable level of affordability as provided for in the city's affordable housing incentive program, as regulated through Chapter 112 of the Kirkland Zoning Code. Projects where affordable units are provided through a payment to the city in lieu of construction, as allowed in Chapter 112 of the Kirkland Zoning Code, are eligible to apply for an exemption. 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 (unit) if the fraction of the whole number is at least 0.66. To the extent allowed by Chapter 84.14 RCW, the city may grant a partial exemption in zoning districts where additional building height is allowed instead of a density bonus in exchange for the creation of affordable housing units. In making its decision on the amount of the partial exemption, the city will consider the value of the height increase allowed and any fee waivers.

(2) Eight successive years beginning January 1st of the year immediately following the calendar year of issuance of the certificate for rental projects not subject to the affordable housing requirements of the Kirkland Zoning Code where at least ten percent of the units are affordable to households whose household annual income does not exceed eighty percent of the King County median household income, adjusted for household size, as determined by HUD, and no more than thirty percent of the monthly household income is paid for monthly housing expenses (rent and an appropriate utility allowance). 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 median income, adjusted for household size. 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 (unit) if the fraction of the whole number is at least 0.66. To the extent allowed by Chapter 84.14 RCW, the city may grant a partial exemption if a lesser amount of affordability is provided. The amount of the partial exemption shall be proportional to the amount of affordability provided relative to that required for a full exemption. (For example, if a project includes five percent of the units affordable at fifty percent of median income, the property will receive an exemption on fifty percent of the residential portion of the project.)

(3) Eight successive years beginning January 1st of the year immediately following the calendar year of issuance of the certificate for owner-occupied projects. The property tax exemption shall apply only to those units that are affordable as defined in Section 5.88.020(a) or that have such other comparable level of affordability as provided for in the city's affordable housing incentive program, as regulated through Chapter 112 of the Kirkland Zoning Code.

(4) Twelve successive years beginning January 1st of the year immediately following the calendar year of issuance of the certificate for rental projects where at least ten percent of the units are affordable as defined in Section 5.88.020(a) and at least an additional ten percent of the units are affordable to households whose household annual income does not exceed eighty percent of the King County median household income, adjusted for household size, as determined by HUD, and no more than thirty percent of the monthly household income is paid for monthly housing expenses (rent and an appropriate utility allowance). 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 median income, adjusted for household size. Projects where affordable units are provided through a payment to the city in lieu of construction, as allowed in Chapter 112 of the Kirkland Zoning Code, are eligible to apply for an exemption. 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 (unit) if the fraction of the whole number is at least 0.66. To the extent allowed by Chapter 84.14 RCW, the city may grant a partial exemption in zoning districts where additional building height is allowed instead of a density bonus in exchange for the creation of affordable housing units. In making its decision on the amount of the partial exemption, the city will consider the value of the height increase allowed and any fee waivers.

(5) Twelve successive years beginning January 1st of the year immediately following the calendar year of issuance of the certificate for owner-occupied projects where at least ten percent of the units are affordable as defined in Section 5.88.020(a) and at least an additional ten percent of the units are affordable to households whose household annual income is no greater than thirty percentage points higher than the applicable King County median household income defined in Section 5.88.020(a), adjusted for household size, as determined by HUD, and no more than thirty percent of the monthly household income is paid for monthly housing expenses. 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 median income, adjusted for household size. 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 (unit) if the fraction of the whole number is at least 0.66. The property tax exemption shall apply only to those units that are affordable as defined in Section 5.88.020(a) or this subsection.

(b) 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. In the case of rehabilitation of existing buildings, the exemption does not include the value of improvements constructed prior to submission of the completed application required under this chapter. (Ord. 4223 § 1 (Att. A) (part), 2009; Ord. 4128 § 1 (part), 2008; Ord. 3937 § 1 (part), 2004)

form attached to the original of this ordinance and by this reference approved by the City Council.

Passed by majority vote of the Kirkland City Council in open meeting this 21st day of June, 2011.

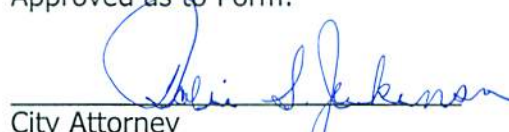
Signed in authentication thereof this 21st day of June, 2011.


MAYOR

Attest:


City Clerk

Approved as to Form:


City Attorney

PUBLICATION SUMMARY
OF ORDINANCE No. 4312

AN ORDINANCE OF THE CITY OF KIRKLAND AMENDING KIRKLAND MUNICIPAL CODE CHAPTER 5.88 REGARDING THE MULTIFAMILY HOUSING PROPERTY TAX EXEMPTION.

Section 1. Amends Chapter 5.88 of the Kirkland Municipal Code.

Section 2. Provides a severability clause for the ordinance.

Section 3. Authorizes publication of the ordinance by summaray, which summary is approved by the City Council pursuant to Section 1.08.017, Kirkland Municipal Code and establishes the effective date as five days after publication of summary.

The full text of this Ordinance will be mailed without charge to any person upon request made to the City Clerk for the City of Kirkland. The Ordinance was passed by the Kirkland City Council at its meeting on the 21st day of June, 2011.

I certify that the foregoing is a summary of Ordinance 4312 approved by the Kirkland City Council for summary publication.



City Clerk