

Chapter 3.85

MULTI-FAMILY PROPERTY TAX EXEMPTION

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3.85.020 Purpose.

As provided for in Chapter 84.14 RCW, the purpose of this chapter is to provide limited exemptions from ad valorem property taxation for qualified new multi-family housing constructed in the Urban Center in order to:

A. Accomplish the planning goals of the Growth Management Act (Chapter [36.70A RCW](#)), the City of SeaTac Comprehensive Plan, [the Housing Action Plan](#), [the City Center Plan](#), ~~and~~ the South 154th Street Station Area, and Angle Lake Station Area Plans; and

B. Encourage residential opportunities within the Urban Center; and

C. Stimulate new construction [of](#) multi-family housing in the Urban Center to increase housing opportunities; ~~including affordable housing~~; and

D. Assist in directing future population growth into the Urban Center, thereby encouraging the most efficient use of the City’s infrastructure and high-capacity transit; and

~~E. Encourage the creation of mixed-income housing that is affordable to households with a range of incomes within the Urban Center; and~~

~~EF. Achieve development densities that enhance the use of the community’s mass transit opportunities and the public investment in such opportunities and promote community development and fulfillment of the City’s South 154th Street, [City Center](#) and Angle Lake Station Area Plans.~~

3.85.030 Definitions.

In construing the provisions of this chapter, the definitions set forth in RCW 84.14.010, as set forth now or hereafter amended, shall apply, unless modified in this section. The following definitions shall also apply:

~~A. “Ad valorem property taxation” is a term used by RCW 84.14 and is a tax based on value.~~

~~A. “Assessor” means the King County Assessor.~~

B. “Affordable housing” has the same meaning as set forth in RCW 84.14.010(1), as set forth now or hereafter amended.

~~C. “City Manager” means the City of SeaTac City Manager, or his/her authorized designee.~~

C. “Assessor” means the King County Assessor.

D. “Contract” means the standard form agreement between the owner and the city that contains the terms and conditions, including for each MFTE unit as designated according to the Final Certificate, for the duration of the compliance period as a condition of eligibility of the property tax exemption according to this chapter.

E. “Director” means the Director of Community and Economic Development or designee.

F. “Eligible household” means a household that certifies that their household income does not exceed the applicable percentage of the 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.

G. “Growth Management Act” means Chapter 36.70A RCW.

H. “Household” means the definition provided for in RCW 84.14.010.

I. “Household income” means the aggregate income of all persons over eighteen (18) years of age residing within the same household for a period of at least four months.

J. “Income-based housing” means residential housing that is rented by a person or household whose monthly housing costs, including utilities other than telephone and any mandatory recurring fees required as a condition of tenancy for the unit, do not exceed 30 percent of the household’s monthly income.

K. “Low-income household” means the definition provided for in RCW 84.14.010.

L. “Moderate-income household” means the definition provided for in RCW 84.14.010.

DM. “Multi-family housing” or “multiple-unit housing” means a building having ~~twenty (20)~~ four (4) or more dwelling units designed for permanent residential occupancy.

N. “Owner” means the property owner of record.

O. “Permanent residential occupancy” means multi-family housing that provides either rental or owner occupancy for a period of at least one (1) month. This excludes hotels, motels and short-term rentals that predominantly offer rental accommodation on a daily or weekly basis.

P. “Project” means the multi-family housing or portion of multi-family housing that is to receive the tax exemption.

EQ. “Residential targeted area” means an area ~~so designated by the City Council as a residential targeted area in accordance with RCW 84.14.040. If a part of any legal lot is within the residential targeted area, then the entire lot shall be deemed to lie within the residential targeted area. Specifically, the following area is designated as a residential targeted area:~~ within an urban center that has been designated by the City Council as lacking sufficient, available, desirable, and convenient residential housing to meet the needs of the public.

~~1. The Urban Center, as designated in the City’s Comprehensive Plan.~~

R. “Urban center” means the definition provided for in RCW 84.14.010.

3.85.040 Residential Target Area – Criteria – Designation.

A. Criteria. Following notice and a public hearing, as prescribed in RCW 84.14.040, the City Council may, in its sole discretion, designate one or more residential target areas. The designated target area must meet the following criteria:

1. The target area is located within an urban center; and

2. The target area lacks sufficient available, desirable, and convenient residential housing to meet the needs of the public who would likely live in the mixed-use center if desirable, attractive, and livable places were available; and

3. The provision of additional housing opportunities in the target area will assist the city in achieving the following purposes:

- a. Increasing residential opportunities within the target area, including income-based housing opportunities; or
- b. Stimulating the construction of new multi-family housing.

B. Designation. In designating the target area, the city council may also consider other factors, including, but not limited to:

- 1. Whether additional housing will attract and maintain an increase in the number of permanent residents and help alleviate detrimental conditions caused by a lack of investment in underutilized vacant buildings; and
- 2. Whether an increased permanent residential population in the targeted area will help the city achieve the planning goals mandated by the Growth Management Act under RCW 36.70A.020; and
- 3. Whether additional housing may contribute to revitalization of a distressed neighborhood or area within the city.

C. Designated target area. The City Council has adopted the Urban Center, as designated in the City's Comprehensive Plan, as the Residential Target Area.

3.85.0403.85.050 Tax exemption – Duration – Valuation – Exceptions.

A. Duration of Exemption. The value of improvements for property qualifying under this chapter is exempt from ad valorem property taxation as follows: for eight (8) or twelve (12) successive years (depending on whether or not the property includes an affordable housing component) beginning January 1st of the year immediately following the calendar year of issuance of the final certificate of tax exemption.

- 1. For eight (8) successive years beginning January 1st of the year immediately following the calendar year of issuance of the final certificate of tax exemption; or
- 2. For twelve (12) successive years beginning January 1st of the year immediately following the calendar year of issuance of the final certificate of tax exemption, if the property otherwise qualifies for the exemption under Chapter 84.14 RCW and this chapter, and meets the conditions in this subsection. For the property to qualify for the twelve (12) year exemption under this subsection, the applicant must commit to renting or selling at least twenty percent (20%) of the multi-family housing units as affordable housing units to low and moderate-income households, and the property must satisfy that commitment and any additional affordability and income eligibility conditions adopted by the local government under this chapter. In the case of projects intended exclusively for owner occupancy, the minimum requirement of this subsection may be satisfied solely through housing affordable to moderate income households.

B. Limits on Exemption. The exemptions provided in subsections (A)(1) and (2) of this section do not include the value of land or the value of nonhousing improvements, nor does the exemption apply to increases in assessed valuation of land and nonqualifying improvements. This chapter also does not apply to increases in assessed valuation made by the assessor on nonqualifying portions of building and value of land, nor to increases made by lawful order of a county board of equalization, the Department of Revenue, or a county, to a class of property throughout the county or a specific area of the county to achieve the uniformity of assessment or appraisal required by law. The exemption shall not apply:

- 1. To the land or to the value of nonhousing-related improvements not qualifying under this chapter.
- 2. To increases in assessed valuation made by the King County assessor on nonqualifying portions of building or other improvements and value of land nor to increases made by lawful order of a county board of

equalization, the Department of Revenue, or King County, to a class of property throughout the county or specific area of the county to achieve the uniformity of assessment or appraisal required by law.

3. To the following tax-exempt government and non-profit properties:

- a. Housing owned by housing authorities, including Tribal, city, and county authorities (RCW 35.82.210); and
- b. Emergency and transitional housing (RCW 84.36.043); and
- c. Low-income housing for people with developmental disabilities (RCW 84.26.042); and
- d. Low-income housing for seniors (RCW 84.36.041); and
- e. Rental housing or group homes for households making 50% AMI or below (RCW 84.36.560); and
- f. Military housing developed under privatization initiatives (RCW 84.36.665); and
- g. Limited-equity, low-income cooperative housing (RCW 84.36.675).

C. Conclusion of Exemption. At the conclusion of the exemption period, the new housing cost shall be considered as new construction for the purposes of Chapter 84.55 RCW.

3.85.0503.85.060 Project eligibility.

To qualify for exemption from property taxation under this chapter, the property must satisfy all of the following requirements:

A. 8-Year Exemption Project Eligibility.

- 1. The property must be located in the designated residential targeted area; and
- 2. The project must include at least twenty (20) dwelling units of multi-family housing, located within a residential structure or as part of a mixed-use development, in which at least fifty (50) percent of the space within such residential structure or mixed-use development is intended for permanent residential occupancy. A minimum of twenty (20) new units must be constructed or at least twenty (20) additional multi-family units must be added to existing occupied multi-family housing; and
- 3. No application may result in the net loss of existing affordable housing which receives housing assistance through federal low- or moderate-income housing programs (e.g., those referenced in SMC 3.85.050(B)(3)); and
- 4. The property must be used and/or developed in a way that increases or preserves property valuation, and the use or development of the property must represent an increased investment in the property and property maintenance that results in an increase in the over-all property values in the target area; and
- 6. The project must comply with the City's comprehensive plan, all zoning requirements, land use regulations, and building code requirements contained in the SeaTac Municipal Code and applicable upon land use permit approval or submittal of a complete building permit application, whichever occurs sooner; and
- 7. For the duration of the exemption granted under this chapter, the property shall be in full compliance with the provisions of the SeaTac Municipal Code; and
- 8. New construction of multi-family housing must be scheduled to be completed within three (3) years from the date of approval of the application or by any extended deadline granted by the Director, pursuant to SMC 3.85.100; and
- 9. The applicant must enter into a contract with the City, approved by the Director, in which the applicant has agreed to the implementation of the development on terms and conditions satisfactory to the City; and

B. 12-Year Exemption Project Eligibility.

1. All requirements set forth in subsection A of this section, except that to qualify for the 12-year exemption, the project may include at least four (4) dwelling units of multi-family housing; and
2. The applicant must commit to renting or selling at least twenty (20) percent of the multi-family housing units as affordable housing as follows:
 - a. Ten (10) percent shall be affordable at a maximum of fifty (50) percent of the King County median household income. The remaining ten (10) percent of the units must be rented as affordable housing units to moderate-income households. The property must satisfy that commitment, and any additional affordability and income eligibility conditions adopted by the City of SeaTac.
 - i. In the case of projects consisting of less than ten (10) units, a minimum of one (1) unit shall be affordable at a maximum of fifty (50) percent of the King County median household income.
 - b. In the case of projects intended exclusively for owner occupancy, at least twenty percent (20%) of the multi-family housing units as affordable housing units to eligible moderate-income households, and the property must satisfy that commitment. Affordable units intended for owner occupancy must be sold by the applicant with a covenant running with the land that prevents the use of the property as a rental unit and includes a resale restriction designed to maintain affordability for future moderate-income homebuyers prior to the expiration of the exemption.
3. For any affordable units required in this section, the following shall apply:
 - a. Affordable units shall adhere to the definition of “affordable housing” as defined in SMC 3.85.030; and
 - b. The mix of unit types (e.g. studio, one-bedroom, two-bedroom, etc.), configuration and size of affordable units at each affordability level shall be substantially proportional to the mix, configuration and size of the total housing units in the project unless otherwise approved by the Director; and
 - c. When the project contains more than one building or multiple floors, all of the affordable units required by this chapter may not be located in the same building or on the same floor. The affordable units shall be interspersed with all other dwelling units within the project; and
 - d. The quality of construction and finish materials in those affordable units used to qualify for the exemption shall be the same as other housing units in the project; and
 - e. If, in calculating the number of affordable units, the number contains a fraction, then the number of affordable units shall be rounded up to the next whole number; and
 - f. Properties approved by the City for a 12-year exemption are not eligible to amend an approved application, a conditional certificate, or convert the final certificate of tax exemption to an 8-year tax exemption; and
 - g. Prior to issuing a certificate of occupancy, the owner shall record with the King County recorder’s office an MFTE covenant 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 units. This MFTE covenant shall run with the land and shall be binding on the assigns, heirs and successors of the owner. Affordable units that are provided under this section shall continue to be made available to eligible households as affordable units for a minimum of twelve (12) years from the date of initial occupancy; and
 - h. Affordable units will be reserved for occupancy by eligible households who certify that their household income does not exceed the applicable percentage of the King County 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; and

i. The property owner must provide relocation assistance at the end of the exemption period equal to one (1) month's rent within the final month of a tenant's lease under RCW 84.14.020(8). Tenants must occupy income-restricted units and qualify as low-income households to be eligible for this assistance; and

j. For projects under a 12-year extension, the property owner must provide notice of intent to provide this relocation assistance at the end of both the tenth and eleventh years of the extension.

C. Extension for Projects Receiving an Initial 12-Year Exemption. Any project in the Urban Center receiving a 12-year exemption may apply for a subsequent 12-year extension in exchange for continued income restrictions on affordable units. The City may authorize the extension based upon the following criteria:

1. Application must be received within eighteen (18) months of expiration of the then-current exemption; and

2. The applicant must remain consistent with the requirements in subsection (B) of this section; and

3. The project has not previously received an extension of their exemption.

~~A. The property must be located in the designated residential targeted area; and~~

~~B. The project must consist of at least twenty (20) dwelling units of multi-family housing, located within a residential structure or a mixed-use development, which are intended for permanent residential occupancy; and~~

~~C. The property must be used and/or developed in a way that increases or preserves property valuation, and the use or development of the property must represent an increased investment in the property and property maintenance that results in an increase in the over-all property values in the target area; and~~

~~D. The project must comply with all zoning requirements, land use regulations, and building code requirements contained in the SeaTac Municipal Code and applicable upon land use permit approval or submittal of a complete building permit application, whichever occurs sooner; and~~

~~E. For the duration of the exemption granted under this chapter, the property shall be in full compliance with the provisions of the SeaTac Municipal Code; and~~

~~F. New construction of multi-family housing must be completed within three (3) years from the date of approval of the application or by any extended deadline granted by the City Manager, pursuant to SMC 3.85.070; and~~

~~G. The owner must enter into a written agreement with the City, approved by the City Manager, in which the owner has agreed to the implementation of the development on terms and conditions satisfactory to the City.~~

3.85.0603.85.070 Application procedure.

A. The ~~owner~~applicant of property applying for exemption under this chapter shall submit an application to the ~~City Manager or designee~~Director, on a form established by the City. The ~~owner~~applicant shall verify the correctness of the information contained in the application ~~by his/her~~their signature and affirmation made under penalty of perjury under the laws of the State of Washington. The application shall contain such information as the ~~City Manager~~Director may deem necessary or useful, which at a minimum shall include:

1. A completed City of SeaTac application form, including information setting forth the grounds for tax exemption; and

2. A brief written description of the project, including phasing if applicable, and schematic site and floor plans of the multi-family units and the structure(s) in which they are proposed to be located; and

3. Floor and site plans of the proposed project, which plans may be revised by the ~~owner~~applicant, provided, in the opinion of the ~~City Manager~~Director, such revisions do not materially alter the nature of the project or the rationale substantiating the exemption application; and

4. A statement from the ~~owner~~applicant acknowledging the potential tax liability when the property ceases to be eligible for exemption under this chapter; and

5. Verification by oath or affirmation of the information submitted.

B. At the time of initial application under this section, the ownerapplicant shall pay to the City an initial application fee as established in the City's fee schedule, plus an amount necessary to cover recording fees, under SMC 3.85.100;

C. ~~Except as otherwise provided in SMC 3.85.070, t~~The application shall be submitted any time before or in conjunction with an application for a building or other construction permit; ~~and.~~

~~D. No new applications shall be accepted under this section after December 31, 2024.~~

3.85.0703.85.080 Application review – Approval – Required findings – Issuance of conditional certificate – Denial Appeal.

A. Application Review. The ~~City Manager~~Director may certify as eligible an application which is determined to comply with the requirements of this chapter.

B. Approval. If an application is conditionally approved, the applicant shall enter into a contract with the city regarding the terms and conditions of the project. Such contract shall require the applicant to comply with SMC Title 7, Health and Safety for the property at issue.

~~1. When a new structure is being created, a minimum of twenty (20) four (4) new multi-family units are being constructed; and~~

~~2. The proposed project is, or will be at the time of completion, in conformance with all approved plans, and all applicable requirements of the SeaTac Municipal Code or other applicable requirements or regulations in effect at the time the application is approved; and~~

~~3. The owner has complied with all of the requirements of this chapter, including but not limited to project eligibility requirements contained in SMC 3.85.050, and application requirements contained in SMC 3.85.060; and~~

~~4. The project site is located within a designated residential targeted area.~~

C. Issuance of Conditional Certificate. Following approval of the contract, and acceptance of the contract by the applicant, the Director shall issue a conditional certificate of acceptance of tax exemption. The conditional certificate expires three (3) years from the date of approval unless an extension is granted as provided in SMC 3.85.100.

~~BD. Denial.~~ The ~~City Manager~~Director shall deny an application if the ~~foregoing criteriarequirements of this chapter~~ are not met. If the application is denied, the ~~City Manager~~Director shall state in writing the reasons for the denial and send notice of denial to the owner's last known address within ten (10) ~~workingcalendar~~ days of the denial.

~~C. If the application is approved, the owner shall enter into a contract with the City, approved by the City Council, regarding the terms and conditions of the project under this chapter.~~

~~D. Following City Council approval of the contract, and acceptance of the contract by the owner, the City Manager shall issue a conditional certificate of acceptance of tax exemption. The conditional certificate shall expire three (3) years from the date of approval unless an extension is granted as provided in SMC 3.85.090.~~

E. Appeal. An ownerapplicant may appeal a denial of a tax exemption application to the City CouncilHearing Examiner by filing a notice of appeal with the City Clerk within fifteen (15) calendar days of the date that the notice of the denial was mailed, and paying an appeal fee as established in the City's fee schedule. The appeal before the City CouncilHearing Examiner shall be based upon the record before the City ManagerDirector, and the City Manager'sDirector's decision will be upheld unless the owner can show that there is no substantial evidence on the record to support the City Manager'sDirector's decision. The decision of the City CouncilHearing Examiner on appeal is final.

3.85.0803.85.090 Amendment of contract.

A. Any ownerapplicant seeking amendment(s) to the contract approved by the City-CouncilDirector may do so by submitting a request in writing to the City-ManagerDirector at any time within three (3) years of the date of the City-Council'sDirector's approval of the contract. Within sixty (60) days of the City's receipt of the written request, the City-CouncilDirector shall either approve or deny the amendment.

B. Any ownerapplicant seeking amendments to the approved form of contract shall pay to the City an amendment application fee as established in the City's fee schedule for administrative costs, plus any amount necessary to cover recording fees.

C. The date for expiration of the conditional certificate shall not be extended by contract amendment unless all conditions for extension set forth in SMC 3.85.0903.85.100 are met.

3.85.0903.85.100 Extension of conditional certificate – Required findings – Denial – Appeal.

A. The conditional certificate may be extended by the City-ManagerDirector for a period not to exceed twenty-four (24) consecutive months. The ownerapplicant shall submit a written request stating the grounds for the extension together with a fee as established in the City's fee schedule for the City's administrative cost to process the request.

B. Required findings. The City-ManagerDirector may grant an extension if the City-ManagerDirector finds that:

1. The anticipated failure to complete construction within the required time period is due to circumstances beyond the control of the owner; and
2. The owner has been acting, and could reasonably be expected to continue to act, in good faith and with due diligence; and
3. All the conditions of the original contract between the owner and the City will be satisfied upon completion of the project.

BC. Denial. If an extension is denied, the City-ManagerDirector shall state in writing the reason for denial and shall send notice to the owner'sapplicant's last known address within ten (10) working days of the denial.

D. Appeal. An ownerapplicant may appeal the denial of an extension to the Hearing Examiner by filing a notice of appeal with the City Clerk within fourteen (14) calendar days after issuance of the notice of the denial. The appeal before the Hearing Examiner shall be based upon the record before the City-ManagerDirector, and the City-Manager'sDirector's decision will be upheld unless the ownerapplicant can show that there is no substantial evidence on the record to support the City-Manager'sDirector's decision. The decision of the Hearing Examiner on appeal is final.

3.85.1003.85.110 Final certificate – Application – Issuance – Denial – Appeal.

A. Application. Upon completion of the construction as provided in the contract between the owner and the City, and upon issuance of a temporary certificate of occupancy, or a permanent certificate of occupancy if no temporary certificate is issued, the ownerapplicant may request a final certificate of tax exemption. The ownerapplicant shall file with the City-ManagerDirector such information as the City-ManagerDirector may deem necessary or useful to evaluate eligibility for the final certificate, which shall at a minimum include:

1. An audited statement of expenditures made with respect to each multi-family housing unit, including phasing if applicable, and the total expenditures made with respect to the entire property, including total project costs, which statement shall be approved by the City of SeaTac Finance Director.
2. A description of the completed work and a statement of qualification for the exemption.
3. The total monthly rent or total sale amount of each multi-family housing unit rented or sold to date.
34. A statement that the work was completed within the required three (3) year period or any approved extension.

5. If a 12-year exemption, information on the applicant's compliance with the affordability requirements of this chapter, including the number, size, and type of units produced meeting affordable housing requirements.

6. Any additional information requested by the City pursuant to meeting any reporting requirements under Chapter 84.14 RCW.

B. Within thirty (30) calendar days of receipt of all materials required for a final certificate, the ~~City Manager~~ Director shall determine whether the completed work is consistent with the contract between the City and ~~owner applicant~~, whether all or a portion of the completed work is qualified for exemption under this chapter and, if so, which specific improvements satisfy the requirements of this chapter.

C. Issuance. If the ~~City Manager~~ Director determines that the project has been completed in accordance with the contract between the owner and the City and the requirements of this chapter, and has been completed within the authorized time period, the City shall file a final certificate of tax exemption with the King County Assessor within ten (10) calendar days of the expiration of the thirty (30) calendar day period provided under subsection (B) of this section.

D. The City ~~Manager~~ is authorized to cause to be recorded, at the owner's expense, or to require the owner or owners to record, in the real property records of the appropriate office of the county in which the property is located, the contract with the City required under SMC 3.85.0560, or such other document(s) as will identify such terms and conditions of eligibility for exemption under this chapter as the City ~~Manager~~ deems appropriate for recording, including requirements under this chapter relating to affordability of units.

E. Denial. The ~~City Manager~~ Director shall notify the ~~owner applicant~~ in writing that the City will not file a final certificate if the ~~City Manager~~ Director determines that the project was not completed within the required three (3) year period or any approved extension authorized time period, or was not completed in accordance with the contract between the ~~owner applicant~~ and the City and the requirements of this chapter, or the owner's property is otherwise not qualified for the limited exemption under this chapter.

F. Appeal. The ~~owner applicant~~ may appeal ~~the City Manager's decision a denial of a final certificate~~ to the Hearing Examiner by filing a notice of appeal with the City Clerk within fourteen (14) calendar days after issuance of the notice of the denial. The appeal before the Hearing Examiner shall be based upon the record before the ~~City Manager~~ Director, and the ~~City Manager's~~ Director's decision will be upheld unless the owner can show that there is no substantial evidence on the record to support the ~~City Manager's~~ Director's decision. The owner may appeal the Hearing Examiner's decision to the King County Superior Court according to the procedures contained in RCW 34.05.510 through 34.05.598, as provided in RCW 84.14.090(6), within thirty (30) days of notification by the City to the owner of the decision.

3.85.1103.85.120 Annual certification.

A. Annual Compliance Review. Within thirty (30) calendar days after the first anniversary of the date the City filed the final certificate of tax exemption and each year thereafter, for the duration of the exemption as set forth in SMC 3.85.0450, the property owner shall file a ~~certification~~ notarized declaration with the ~~City Manager~~ Director, ~~verified upon signed affirmation under penalty of perjury under the laws of the State of Washington. The certification shall contain such information as the City Manager may deem necessary or useful, and shall at a minimum include the following information:~~ indicating the following:

1. A statement of occupancy and vacancy of the multi-family units during the previous year; and
2. A certification that the property has not changed use since the date of filing of the final certificate of tax exemption, and continues to be in compliance with the contract with the City and the requirements of this chapter; and
3. A description of any improvements or changes to the property made after the filing of the final certificate or most recent certification, as applicable; and
4. A report on affordable housing requirements, if applicable, including:

- a. The total monthly rent or total sale amount of each unit produced; and
- b. The income of each renter household at the time of initial occupancy and the income of each initial purchaser of owner-occupied units at the time of purchase for each of the units receiving a tax exemption; and
- c. Any additional information requested by the City pursuant to meeting any reporting requirements under Chapter 84.14 RCW.

B. Failure to submit the annual certification may result in cancellation of the tax exemption.

C. Reporting. The City shall report annually by December 31st of each year to the Washington State Department of Commerce. The report must include the following information:

- 1. The number of tax exemption certificates granted; and
- 2. The total number and type of units produced or to be produced; and
- 3. The number and type of units produced or to be produced meeting affordable housing requirements; and
- 4. The actual development cost of each unit produced; and
- 5. The total monthly rent or total sale amount of each unit produced; and
- 6. The income of each renter household at the time of initial occupancy and the income of each initial purchaser of owner-occupied units at the time of purchase for each of the units receiving a tax exemption and a summary of these figures for the City; and
- 7. The value of the tax exemption for each project receiving a tax exemption and the total value of tax exemptions granted.

3.85.1203.85.130 Cancellation of tax exemption – Appeal.

~~A. If at any time the City Manager determines that the property no longer complies with the terms of the contract or with the requirements of this chapter, or the use of the property for any reason no longer qualifies for the tax exemption, the tax exemption shall be cancelled and additional taxes, interest and penalties shall be imposed pursuant to State law. The Director may cancel a tax exemption on a property if any of the following are determined:~~

- 1. The owner is not complying with the terms of the contract or this chapter;
- 2. The use of the property for any reason no longer qualifies for the tax exemption;
- 3. The project violates applicable zoning requirements, land use regulations, building, or fire code requirements; or
- 4. The owner fails to submit the annual certification specified in SMC 3.85.120.

B. If the owner intends to convert the multi-family housing to another use, the owner must notify the ~~City Manager~~ Director and the King County Assessor in writing within sixty (60) calendar days of the change in use. Upon such change in use, the tax exemption shall be cancelled and additional taxes, interest and penalties shall be imposed pursuant to State law.

C. Upon determining that a tax exemption shall be cancelled, the ~~City Manager~~ Director shall notify the property owner by certified mail, return receipt requested. The property owner may appeal the determination by filing a notice of appeal with the City Clerk, together with the required appeal fee, within thirty (30) calendar days after issuance of the decision by the ~~City Manager~~ Director, specifying the factual and legal basis for the appeal. The appeal will be heard by the Hearing Examiner. At the appeal hearing, all affected parties may be heard and all competent evidence received. The Hearing Examiner shall either affirm or repeal the decision to cancel the exemption based on the evidence received. The Hearing Examiner shall give substantial weight to the ~~City~~

~~Manager's~~Director's decision to cancel the exemption, and the ~~City Manager's~~Director's decision will be upheld unless the owner can show that there is no substantial evidence on the record to support the ~~City Manager's~~Director's decision. An aggrieved party may appeal the Hearing Examiner's decision to the King County Superior Court in accordance with the procedures in [RCW 34.05.510](#) through [34.05.598](#), as provided in [RCW 84.14.110\(2\)](#), within thirty (30) days after issuance of the decision of the Hearing Examiner.

~~3.85.130~~ — Review of program.

~~The provisions of this chapter shall be reviewed by the City Council approximately five (5) years after the effective date of the ordinance codified herein. Such review may include, but not be limited to, the number of dwelling units granted property tax exemption under this program, consideration of the multi-family development trends in the City and region, review of administrative processes and procedures, as well as public comment. If the program is terminated, no further applications for a conditional certificate of tax exemption shall be accepted. Incomplete applications shall be returned to the owner.~~

3.85.140 — Conflict of Provisions.

If any provision of this chapter is in legal conflict with the provisions of Chapter 84.14 RCW, as currently adopted or hereafter amended, the provisions of Chapter 84.14. RCW shall apply as if set forth in this chapter.