

ORDINANCE NO. 2721

AN ORDINANCE adopting a new Chapter 3.86 of the Camas Municipal Code, relating to the imposition of a multi-family housing tax exemption program.

THE COUNCIL OF THE CITY OF CAMAS DO ORDAIN AS FOLLOWS:

Section I

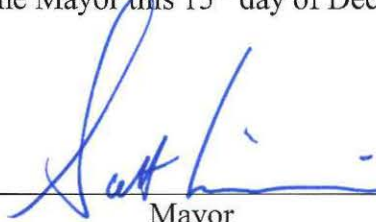
A new Chapter 3.86 of the Camas Municipal Code is hereby added to provide as set forth in Exhibit "A", attached hereto and by this reference incorporated herein.

Section II

This ordinance shall take force and be in effect five (5) days from and after its publication according to law.

PASSED BY the Council and APPROVED by the Mayor this 15th day of December, 2014.

SIGNED: _____


Mayor

SIGNED: _____


Clerk

APPROVED as to form:


City Attorney

ORDINANCE NO. 2721

EXHIBIT A

Chapter 3.86
MULTI-FAMILY HOUSING TAX EXEMPTION

Sections:

3.86.010 Purpose.

3.86.020 Definitions.

3.86.030 Residential target area designation and standards.

3.86.040 Tax exemptions for multi-family housing in residential target areas.

3.86.050 Downtown District: Standards and Guidelines

3.86.060 NW 6th Avenue Corridor District: Standards and Guidelines

3.86.070 NE 3rd Avenue District: Standards and Guidelines

3.86.010 Purpose.

It is the purpose of this ordinance to encourage new private multi-housing development and redevelopment within designated urban centers to accommodate future population growth, provide places to live close to employment, shopping, entertainment, and transit services and encourage affordable housing where appropriate.

3.86.020 Definitions.

- A. "Affordable housing" means residential housing that is rented by a person or household whose monthly housing costs, including utilities other than telephone, do not exceed thirty percent of the household's monthly income. For the purposes of housing intended for owner occupancy, "affordable housing" means residential housing that is within the means of low or moderate-income households.
- B. "Director" means the Director of the City's Community Development Department or authorized designee.
- C. "Household" means a single person, family or unrelated persons living together.
- D. "Growth management act" means chapter 36.70A RCW.
- E. "Low-income household" means a single person, family, or unrelated persons living together whose adjusted income is at or below eighty percent of the median family income adjusted for family size, for the county where the project is located, as reported by the United States Department of Housing and Urban Development. For cities located in high-cost areas, "low-income household" means a household that has an income at or below one hundred percent of the median family income adjusted for family size, for the county where the project is located.
- F. "Moderate-income household" means a single person, family, or unrelated persons living together whose adjusted income is more than eighty percent but is at or below one hundred fifteen percent of the median family income adjusted for family size, for the county where the project is located, as reported by the United States department of housing and urban development. For cities located in high-cost areas, "moderate-income household" means a household that has an income that is more than one hundred percent, but at or below one hundred fifty percent, of the median family income

adjusted for family size, for the county where the project is located.

- G. "Multi-family housing" means building(s) having four or more dwelling units designed for permanent residential occupancy resulting from new construction or rehabilitation or conversion of vacant, underutilized, or substandard buildings.
- H. "Owner" means the property owner of record.
- I. "Permanent residential occupancy" means multi-family housing that provides either rental or owner occupancy for a period of at least one month. This excludes hotels and motels that predominately offer rental accommodation on a daily or weekly basis.
- J. "Rehabilitation improvements" means modifications to existing structures that are vacant for 12 months or longer, or modification to existing occupied structures which convert non-residential space to residential space and/or increase the number of multi-family housing units.
- K. "Residential target area" means an 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.
- L. "Urban center" means a compact identifiable district containing several business establishments, adequate public facilities, and a mixture of uses and activities, where residents may obtain a variety of products and services.

3.86.030 Residential target area designation and standards.

- A. Criteria. Following a public hearing, the city council may, in its sole discretion, designate one or more residential target areas. Each designated target area must meet the following criteria, as determined by the city council:
 - 1. The target area is located within an urban center;
 - 2. The target area lacks sufficient available, desirable, affordable, and convenient residential housing to meet the needs of the public who would likely live in the urban center if desirable, affordable, attractive, and livable places were available; and
 - 3. The providing of additional housing opportunity in the target area will assist in achieving the following purposes:
 - a. Encourage increased residential opportunities within the target area, including affordable housing opportunities; or
 - b. Stimulate the construction of new multi-family housing and/or the rehabilitation of existing vacant and under-utilized buildings for multi-family housing; or
 - c. Where appropriate, stimulate the construction, rehabilitation or conversion of existing vacant and underutilized multi-family rental units to owner occupied multi-family housing as such property redevelops.

4. In designating a residential target area, the city council may also consider other factors, including, but not limited to: whether additional housing in the target area will attract and maintain an increase in the number of permanent residents; whether an increased residential population will help alleviate detrimental conditions in the target area; and whether an increased residential population in the target area will help to achieve the planning goals mandated by the Growth Management Act under RCW 36.70A.020. The city council may, by ordinance, amend or rescind the designation of a residential target area at any time pursuant to the same procedure as set forth in this chapter for original designation.
 5. When designating a residential target area, the city council shall give notice of a hearing to be held on the matter and that notice shall be published once each week for two consecutive weeks, not less than seven days nor more than 30 days before the date of the hearing. The notice must state the time, date, place and purpose of the hearing and generally identify the area proposed to be designated.
- B. Target Area Standards and Guidelines. After designation of a residential target area, the city council shall adopt and implement standards and guidelines for both new construction and rehabilitation, including the application process and procedures and requirements that address demolition of existing structures and site utilization. The decision making process must include findings of compliance with RCW 84.14.060. The city council may also adopt guidelines which include parking, height, density, environmental impact, home ownership, public benefit features, compatibility with the surrounding property and such other amenities as will attract and keep permanent residents and will properly enhance the livability of the residential target area.
- The required amenities shall be relative to the size of the proposed project and the tax benefit to be obtained.
- C. Designated Target Areas. The “following residential target areas” are designated in the City of Camas:
1. Downtown District: Located between NE Adams Street and NE Garfield Street and between the area southeast of the Mill Ditch and northeast of the Burlington Northern Pacific Railway; together with that area of land located between NE Garfield and NE Joy and southeast of NE 3rd Avenue and northeast of the Washougal River; and, together with that area located between NE Division and NE Adams and southeast of the Mill Ditch and northeast of NE 6th Avenue.
 2. NW 6th Avenue Corridor District: Located between NW Ivy Street and NW Drake and south of NW 7th Avenue and north of NW 6th Avenue.
 3. NE 3rd Avenue District: generally located south of NE 3rd Avenue, west of NE Sumner and northeast of NE 3rd Loop.

3.86.040 Tax exemptions for multi-family housing in residential target areas.

- A. Intent. Limited eight or twelve year exemption from ad valorem property taxation for multi-family housing in urban centers are intended to:
1. Encourage increased residential opportunities within urban centers designated by the city council as residential target areas;
 2. Stimulate new construction or rehabilitation of existing vacant and underutilized buildings for multi-family housing in residential target areas to increase and improve housing opportunities;
 3. Assist in directing future population growth to designated urban centers, thereby reducing development pressure on single-family residential neighborhoods; and
 4. Achieve development densities which are more conducive to transit use in designated urban centers.
 5. Encourage new construction or rehabilitation of owner-occupied multi-family housing where identified as desirable; and
 6. Encourage affordable housing.
- B. Duration of Exemption. The value of improvements qualifying under this chapter will be exempt from ad valorem property taxation for: (1) Eight successive years where all applicable criteria under this chapter except affordability criteria referenced at CMC 3.86.040.D.8 are met, or (2) Twelve successive years if all applicable criteria herein including affordability are met. In both cases the duration of exemption shall be measured beginning January 1 of the year immediately following the calendar year after issuance of the Final Certificate of Tax Exemption.
- C. Limits on Exemption. The exemption does not apply to the value of land or the value of improvements not qualifying under this chapter, nor does the exemption apply to increases in assessed valuation of land and non-qualifying improvements. 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.
- D. Project Eligibility. A proposed project must meet the following requirements for consideration for a property tax exemption:
1. Location. The project must be located within a residential target area, as designated in Section 3.86.030.
 2. Tenant Displacement Prohibited. Property proposed to be rehabilitated must be vacant at least twelve months before submitting an application and fail to comply with one or more standards of the applicable City adopted state or local building or housing codes.
 3. Size. The project must include at least four units of multi-family housing within a residential structure or as part of a mixed-use development. A minimum of four new units must be constructed or at least four additional multi-family units must be added to existing occupied multi-family housing. Existing multi-family housing that has been vacant for 12 months or more does not have to provide additional units so long as the project provides at least four units of new, converted, or rehabilitated multi-family housing. More specific sizing requirements may be established for each residential target area.

4. Permanent Residential Housing. At least 50 percent of the space designated for multi-family housing must be provided for permanent residential occupancy, as defined in Section 3.86.020.
 5. Proposed Completion Date. New construction multi-family housing and rehabilitation improvements must be scheduled to be completed within three years from the date of approval of the application.
 6. Compliance with Guidelines and Standards. The project must be designed to comply with the city's comprehensive plan, building, housing, and zoning codes and any other applicable regulations in effect at the time the application is approved. Rehabilitation and conversion improvements must comply with all applicable housing codes. New construction must comply with the Uniform Building Code. The project must also comply with any other standards and guidelines adopted by the city council for the residential target area in which the project will be developed.
 7. Owner Occupancy. Projects within a residential target area that are developed for owner-occupancy shall include an agreement or other guarantee acceptable to the Director ensuring that some or all of the units within the project are used for purposes of owner-occupancy.
 8. Affordability. To be eligible for twelve year tax abatements under this chapter, applicants must commit to renting or selling at least 20% of units as affordable housing to low and moderate income households as defined herein. Projects intended exclusively for owner occupancy may meet this standard through housing affordable to moderate-income households.
- E. Application Procedure. A property owner who wishes to propose a project for a tax exemption shall complete the following procedures:
1. File with the city's Community Development Department the required application and the required fees. The initial application fee to the city shall consist of a base fee of \$300, plus \$50 per multi-family unit, up to a maximum total fee to the city of \$1,000. An additional \$100 fee to cover the Clark County Assessor's administrative costs shall also be paid to the city. If the city denies the application, the city will retain that portion of the fee attributable to its own administrative costs and refund the balance to the applicant.
 2. A complete application shall include:
 - a. A completed City of Camas multi-family limited tax exemption application form setting forth the grounds for the exemption;
 - b. Preliminary floor and site plans of the proposed project demonstrating compliance with the guidelines and standards of this chapter;
 - c. A statement acknowledging the potential tax liability when the project ceases to be eligible under this chapter;
 - d. Verification by oath or affirmation of the information submitted.
 - e. A detailed project budget, financing plan and operating projection; and
 - f. For rehabilitation projects, the applicant shall also submit an affidavit that existing dwelling units have been unoccupied for a period of 12 months prior to filing the

application and shall secure from the city verification of property noncompliance with the city's minimum housing code.

- F. Application Review and Issuance of Conditional Certificate. The director may certify as eligible an applicant who is determined to comply with the requirements of this chapter. A decision to approve or deny an application shall be made within 90 days of receipt of a complete application.
1. Approval. If an application is approved, the applicant shall enter into a contract with the city, subject to approval by the city council in a form of a resolution, regarding the terms and conditions of the project. Upon council approval of the contract, the Director shall issue a Conditional Certificate of Acceptance of Tax Exemption. The Conditional Certificate shall expire three years from the date of approval unless an extension is granted as provided in this chapter.
 2. Denial. If an applicant is denied, the Director shall state in writing the reasons for denial and shall send notice to the applicant at the applicant's last known address within ten days of the denial. An applicant may appeal a denial to the city council within 30 days of receipt of notice. On appeal, the Director's decision will be upheld unless the applicant can show that there is no substantial evidence on the record to support the Director's decision. The city council's decision on appeal will be final.
- G. Extension of Conditional Certificate. The Conditional Certificate may be extended by the Director for a period not to exceed 24 consecutive months. The applicant must submit a written request stating the grounds for the extension, accompanied by a \$100 processing fee. An extension may be granted if the Director determines that:
1. The anticipated failure to complete construction or rehabilitation within the required time period is due to circumstances beyond the control of the applicant;
 2. The applicant 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 applicant and the city will be satisfied upon completion of the project.
- H. Application for Final Certificate.
1. Upon completion of the improvements agreed upon in the contract between the applicant and the city and upon issuance of a temporary or permanent certificate of occupancy, the applicant may request a Final Certificate of Tax Exemption. The applicant must file with the City's Community Development Department the following:
 - a. A statement of expenditures made with respect to each multi-family housing unit and the total expenditures made with respect to the entire property;
 - b. A description of the completed work and a statement that the rehabilitation improvements or new construction on the owner's property qualify the property for limited exemption;
 - c. If applicable, a statement that the project meets the affordable housing requirements as described in RCW 84.14.020; and

- d. A statement that the work was completed within the required three-year period plus any authorized extension.
2. Within 30 days of receipt of all materials required for a Final Certificate, the Director shall determine which specific improvements satisfy the requirements whether the work completed, and the affordability of the units, is consistent with the application and the contract approved by the city and is qualified for a limited tax exemption under this chapter.

I. Issuance of Final Certificate.

1. Review and Approval. If, after reviewing, the application for Final Certificate, the Director determines that the project has been completed in accordance with the contract between the applicant and the city and has been completed within the authorized time period, the city shall, generally within ten days, file a Final Certificate of Tax Exemption with the Clark County Assessor.
2. Denial. The Director shall notify the applicant in writing that a Final Certificate will not be filed if the Director determines that:
 - a. The improvements were not completed within the authorized time period;
 - b. The improvements were not completed in accordance with the owner's application or the contract between the applicant and the city; including if applicable affordable housing requirements; or
 - c. The owner's property is otherwise not qualified under this chapter.
3. Appeal. Within 14 days of receipt of the Director's denial of a Final Certificate, the applicant may file an appeal with the city council. On appeal, the Director's decision will be upheld unless the applicant can show that there is no substantial evidence on the record to support the Director's decision.

The city council's decision on appeal will be final.

- J. Annual Compliance Review. Thirty days after the first anniversary of the date of filing the Final Certificate of Tax Exemption and each year thereafter, for the duration of the tax exemption, the owner of the rehabilitated or newly constructed property shall file a notarized declaration with the Director that includes the following:
 1. A statement identifying the total number of occupied and vacant multi-family units receiving a property tax exemption;
 2. A certification that the property continues to be in compliance with the contract with the city including any provisions related to affordable housing; and
 3. A description of any improvements or changes to the property constructed after the issuance of the certificate of tax exemption;
 4. The total monthly rent or total sale amount for each unit;

5. For exemptions granted under the affordable housing provisions of this chapter, 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; and
6. For exemptions granted under the affordable housing provisions of this chapter, documentation showing that twenty percent (20%) of the units were rented or sold as affordable housing to low or moderate income households.

The property owner must maintain records supporting this declaration and those records and the multi-family units are subject to inspection by the city. Failure to submit the annual declaration or maintain adequate records may result in the tax exemption being canceled.

- K. **Annual Report.** By December 31 of each year the city has any outstanding limited multi-family tax exemptions the city shall submit a report to the State providing the information required by RCW 84.14.
- L. **Cancellation of Tax Exemption.** If the Director determines the owner is not complying with the terms of the contract, the tax exemption will be canceled. This cancellation may occur in conjunction with the annual review or at any other time when non-compliance has been determined. If the owner intends to convert the multi-family housing to another use or otherwise discontinues compliance with this chapter, the owner must notify the Director and the Clark County Assessor within 60 days of the change in use.
 1. **Effect of Cancellation.** If a tax exemption is canceled due to a change in use or other noncompliance, the Clark County Assessor may impose an additional tax on the property, together with the interest and penalty, and a priority lien may be placed on the land, pursuant to RCW84.14.
 2. **Notice and Appeal.** Upon determining that a tax exemption is to be canceled, the Director shall notify the property owner by certified mail. The property owner may appeal the determination by filing a notice of appeal with the city clerk within 30 days, specifying the factual and legal basis for the appeal. The city council will conduct a hearing at which all affected parties may be heard and all competent evidence received. The city council will affirm, modify, or repeal the decision to cancel the exemption based on the evidence received. An aggrieved party may appeal the city council's decision to the Clark County Superior Court.

3.86.050 Downtown District: Standards and Guidelines

In approving a tax exemption under CMC 3.86.040 and in addition to compliance with the requirements of the underlying zone and design and developments standards under Title 17 and Title 18 of the Camas Municipal code, the following standards and guidelines shall be applicable within the Downtown District:

A. Standards:

1. **Size:** The project must include at least four new or additional units of multi-family housing located on the second floor or higher in a mixed use building in which the ground floor is dedicated in whole to commercial uses. The building shall include no

ground floor residential units.

2. Parking: All multi-family units regardless of the underlying zone shall include off-street parking and as provided in in CMC 18.11.130 or alternately as otherwise specified through a development agreement.
3. Building Height: Maximum of 45 feet and three (3) stories.
4. Where the project includes six or more multi-family units, an outdoor commons consisting of a minimum 200 square feet shall be provided and include seating and tables for a minimum 12 people. This requirement may be incorporated into seating or dining areas for commercial uses on the ground floor, through common balconies or rooftop improvements.

B. Guidelines:

1. Connectivity: The project must demonstrate that pedestrian circulation from the project site to NE Fourth Avenue within the district is enhanced or improved.
2. Parking: Demonstration that existing street parking will not be reduced in number or will be offset by an equal or better number of parking spaces made available for public parking.

3.86.060 NW 6th Avenue Corridor District: Standards and Guidelines

In approving a tax exemption under CMC 3.86.040 and in addition to compliance with the requirements of the underlying zone and design and developments standards under Title 17 and Title 18 of the Camas Municipal code, the following standards and guidelines shall be applicable within the NW 6th Avenue District:

A. Standards:

1. Size: The project must include at least four new or additional units of multi-family housing located on the second floor or higher in a mixed use building in which the ground floor is dedicated in whole to commercial uses. The building shall include no ground floor residential units.
2. Parking: All multi-family units regardless of the underlying zone shall include off-street parking and as provided in in CMC 18.11.130 or alternately as otherwise specified through a development agreement.
3. Building Height: Maximum of 45 feet and three (3) stories.
4. Where the project includes six or more multi-family units, an outdoor commons consisting of a minimum 200 square feet shall be provided and include seating and tables for a minimum 12 people. This requirement may be incorporated into seating or dining

areas for commercial uses on the ground floor, through common balconies or rooftop improvements.

B. Guidelines:

1. **Connectivity:** The project must demonstrate that pedestrian circulation from the project site to NW Sixth Avenue within the district is enhanced or improved.
2. **Parking:** Demonstration that existing street parking will not be reduced in number or will be offset by an equal or better number of parking spaces made available for public parking.

3.86.070 NE 3rd Avenue District: Standards and Guidelines

In approving a tax exemption under CMC 3.86.040 and in addition to compliance with the requirements of the underlying zone and design and developments standards under Title 17 and Title 18 of the Camas Municipal code, the following standards and guidelines shall be applicable within the NWNE 3rd Avenue District:

A. Standards:

1. **Size:** The project must include at least four new or additional units of multi-family housing located on the second floor or higher in a mixed use building in which the ground floor is dedicated in whole to commercial uses. The building shall include no ground floor residential units.
2. **Parking:** All multi-family units regardless of the underlying zone shall include off-street parking and as provided in in CMC 18.11.130 or alternately as otherwise specified through a development agreement.
3. **Building Height:** Maximum of 45 feet and three (3) stories.
4. Where the project includes six or more multi-family units, an outdoor commons consisting of a minimum 200 square feet shall be provided and include seating and tables for a minimum 12 people. This requirement may be incorporated into seating or dining areas for commercial uses on the ground floor, through common balconies or rooftop improvements.

B. Guidelines:

1. **Connectivity:** The project must demonstrate that pedestrian circulation from the project site to NE Fourth Avenue within the district is enhanced or improved.
2. **Parking:** Demonstration that existing street parking will not be reduced in number or will be offset by an equal or better number of parking spaces made available for public parking.