

## **CITY COUNCIL STUDY SESSION**

Resolution of intention to hold a June 28, 2021, public hearing prior to approval of amendments to the City's Multi-Family Tax Exemption (MFTE) program, including updates to the Residential Target Areas in which the City's MFTE program may be utilized.

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## **EXECUTIVE SUMMARY**

This Resolution states the City's intention, consistent with RCW 84.14.040 and BCC 4.52.030, to hold a public hearing prior to alterations to the City's MFTE program, including updates to the Residential Target Areas (RTAs) in which the City's MFTE program may be utilized. The public hearing will be held at the June 28, 2021, City Council virtual meeting.

## **RECOMMENDATION**

Move to adopt Resolution No. 9951.

## **BACKGROUND & ANALYSIS**

Under RCW 84.14.040 and BCC 4.52.030, the City must hold a public hearing before approving alterations to the MFTE Residential Target Area(s). Consistent with the City Council's May 24 direction, to prepare for a public hearing and subsequent adoption of alterations to the MFTE program, this Resolution states the City's intention to hold the public hearing as required by law at the June 28, 2021, City Council virtual meeting.

While RCW 84.14.040 and BCC 4.52.030 only require that changes to the RTAs be reviewed in a public hearing, staff intends to release draft code language with the public hearing materials to encourage public participation and feedback on all proposed updates to the program.

Following the public hearing, the City Council may provide further direction regarding alteration and/or adoption of the proposed amendments to the MFTE code.

## **POLICY & FISCAL IMPACTS**

### **Policy Impact**

As highlighted in the April 19 and May 24 study session materials, a shift in the MFTE program will likely result in a different quantity of and affordability level for units produced through the program. The proposed program updates, which include designating all land use districts in which multifamily dwellings are allowed as the RTA for the MFTE program and increasing the affordability threshold for units made affordable under the MFTE program, will likely increase utilization of the program in the

future. Additional details of the update will also have impacts on both owners and tenants of MFTE projects, as discussed in previous study session materials.

### **Fiscal Impact**

Increased utilization of the program would result in an increased number of tax exemptions. The fiscal impact of these tax exemptions is difficult to predict but was outlined in the packet materials for April 19. Generally speaking, the Council has previously determined the need to create affordable housing in the community offsets the need for the tax revenue, which is forgone by allowing owners to participate in the program.

### **OPTIONS**

1. Adopt the Resolution of intention to hold a June 28, 2021, public hearing prior to approval of amendments to the City's Multi-Family Tax Exemption (MFTE) program, including updates to the Residential Target Areas in which the City's MFTE program may be utilized.
2. Do not adopt the Resolution and provide alternative direction to staff.

### **ATTACHMENTS & AVAILABLE DOCUMENTS**

Proposed Resolution No. 9951

### **AVAILABLE IN COUNCIL LIBRARY**

N/A