

**CHAPTER 18.23**  
**MULTI-FAMILY HOUSING TAX EXEMPTION**

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18.23.010 Purpose: It is the purpose of RCW 84.14 to encourage new private multi-family housing development and redevelopment within cities that are planning under the Growth Management Act, where the legislative body has found that there are insufficient housing opportunities. To achieve this purpose, this chapter provides for special valuation for eligible improvements associated with the provision of multi-unit housing in residentially deficient urban centers. It is further intended to provide attractive, reasonable places to live close to employment, shopping, entertainment, and transit services and to promote neighborhood revitalization and community development. (Ord. 2183, 11/23/04)

18.23.020 Definitions:

- A. "Multi-family housing" means building(s) having four (4) or more dwelling units designed for permanent residential occupancy resulting from new construction or rehabilitation or conversion of vacant, underutilized, or substandard buildings.
- B. "Owner" means the property owner of record.
- C. "Director" means the Community Development Director.
- D. "Permanent residential occupancy" means multi-unit housing that provides either rental or owner occupancy on a non-transient basis. This includes owner-occupied or rental accommodation that is leased for a period of at least one (1) month. This excludes hotels and motels that predominantly offer rental accommodation on a daily or weekly basis.
- E. "Rehabilitation improvements" means modifications to existing structures, that are vacant for twelve (12) months or longer, that are made to achieve a condition of substantial compliance with existing building codes or modification to existing occupied structures which increase the number of multi-family housing units.
- F. "Residential targeted 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.
- G. "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. (Ord. 2183, 11/23/04)

18.23.030 Residential Target Area Designation and Standards:

- A. Criteria: Following notice and a public hearing, as prescribed in RCW 4.14.040, the City Council may, in its sole discretion, designate one (1) or more residential target areas. The designated target area must meet the following criteria:
  - 1. The target area is located within an urban center.
  - 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.
  - 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.

- b. Stimulating the construction of new multi-family housing.
  - c. The rehabilitation of existing vacant and under-utilized buildings for multi-family housing.
4. In designating the target area, the City Council may also consider other factors, including:
- a. Whether additional housing will attract and maintain an increasing number of permanent residents and help alleviate detrimental conditions caused by a lack of investment in underutilized vacant buildings.
  - b. 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.
  - c. Whether additional housing may contribute to revitalization of a distressed neighborhood or area within the City.
- B. Target Area Standards and Guidelines: For the designated residential target areas, the City Council shall adopt basic requirements for both new construction and rehabilitation, including the application process and procedures. The City Council may also adopt guidelines to include the following:
1. Requirements that address demolition of existing structures and site utilization.
  2. Building requirements that may include elements addressing parking, height, density, environmental impact, public benefit features, compatibility with surrounding property, and such other amenities as will attract and keep permanent residents and will properly enhance the livability of the residential target area.
  3. The required amenities shall be relative to the size of the proposed project and the tax benefit to be obtained.

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 the original designation.

- C. Designated Target Area: The City Council has adopted Residential Target Area as indicated on the attached map. (Ord. 2183, 11/23/04)

18.23.040 Project Eligibility: A proposed project must meet the following requirements for consideration for a property tax exemption under this chapter:

- A. Location: The project must be located within Moses Lake's Residential Targeted Area, as designated under Section 18.23.030 of this chapter.
- B. Size: The project must include at least four (4) units of multi-family housing within a residential structure or as part of a mixed-use development. A minimum of four (4) new units must be constructed or at least four (4) additional multi-family units must be added to existing occupied multi-family housing. Existing multi-family housing that has been vacant for twelve (12) months or more does not have to provide additional units so long as the project provides at least four (4) units of new, converted, or rehabilitated multi-family housing.
- C. Residential Displacement and Demolition: The project must not displace existing residential units, unless the units are certified not to meet current building and housing codes. The units can then be rehabilitated or replaced and included in the qualified portion of the project to receive the property tax abatement. If the units slated for replacement or demolition do meet current code, then the size of the project needs to be increased by the number of units that are being replaced or demolished and these replacement units would not qualify for the property tax abatement. Property proposed to be rehabilitated or developed must be vacant at least twelve (12) months before submitting an application.

- D. Permanent Residential Housing: At least fifty percent (50%) of the space designated for multi-family housing must be provided for permanent residential occupancy.
- E. Proposed Completion Date: New construction of multi-family housing and rehabilitation improvements must be scheduled to be completed within three (3) years from the date of approval of the application.
- F. 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 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. (Ord. 2183, 11/23/04)

18.23.050 Application Procedure: A property owner who wishes to propose a project for tax exemption shall complete the following procedures:

- A. Application: An application needs to be filed with the Community Development Department. A fee of five hundred thirty dollars (\$530) needs to be included to cover the Grant County Assessor's administrative costs. Upon approval of the application, the fee will be forwarded to the Grant County Assessor's office for processing. A complete application shall include:
  - 1. A completed City of Moses Lake application form setting forth the grounds for the exemption.
  - 2. Preliminary floor and site plans of the proposed project.
  - 3. A statement acknowledging the potential tax liability when the project ceases to be eligible under this chapter.
  - 4. Verification by oath or affirmation of the information submitted.
  - 5. For rehabilitation projects, the applicant shall also submit an affidavit that existing dwelling units have been unoccupied for a period of twelve (12) months prior to filing the application.
- B. Application Review and Issuance of Conditional Certificate: The Community Development 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 thirty (30) 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, regarding the terms and conditions of the project. Upon City Council approval of the contract, the Community Development 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 this chapter.
  - 2. Denial: The Community Development 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 (10) days of the denial. An applicant may appeal a denial to the City Council within thirty (30) days of receipt of notice. On appeal, the Community Development Director's decision will be upheld unless the applicant can show that there is no substantial evidence on the record to support the Community Development Director's decision. The City Council's decision on appeal will be final.
- C. Extension of Conditional Certificate: The Community Development Director may extend the Conditional Certificate for a period not to exceed twenty-four (24) consecutive months. The applicant must submit a written request stating the grounds for extension. An extension may be granted if it is determined that:

1. The anticipated failure to complete construction or rehabilitation within the required time period is due to circumstances beyond the control of the owner.
  2. The owner has been acting, and could reasonably be expected to continue to act, in good faith and with due diligence.
  3. All the conditions of the original contract between the applicant and the city will be satisfied upon completion of the project.
- D. Application for Final Certificate: 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 Community Development Department the following:
1. A statement of expenditures made with respect to all affected multi-family housing units and the total expenditures made with respect to the entire property.
  2. A description of the completed work and a statement of qualification for the exemption.
  3. A statement that the work was completed within the required three (3) year period plus any authorized extension.

Within thirty (30) days of receipt of all materials required for a Final Certificate, the Community Development Director shall determine which specific improvements satisfy the requirements of this chapter.

- E. Issuance of Final Certificate: If the Community Development 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 Community Development Director shall, within ten (10) days, file a Final Certificate of Tax Exemption with the Grant County Assessor.
1. Denial and Appeal: The Community Development Director shall notify the applicant in writing that a Final Certificate will not be filed if the Community Development Director determines that:
    - a. The improvements were not completed within the authorized time period.
    - b. The improvements were not completed in accordance with the contract between the applicant and the city.
    - c. The owner's property is otherwise not qualified under this chapter.

Within fourteen (14) days of receipt of the Community Development Director's denial of a Final Certificate, the applicant may file an appeal with the City Council. On appeal, the Community Development Director's decision will be upheld unless the applicant can show that there is no substantial evidence to support the Community Development Director's decision. The City Council's decision on appeal will be final.

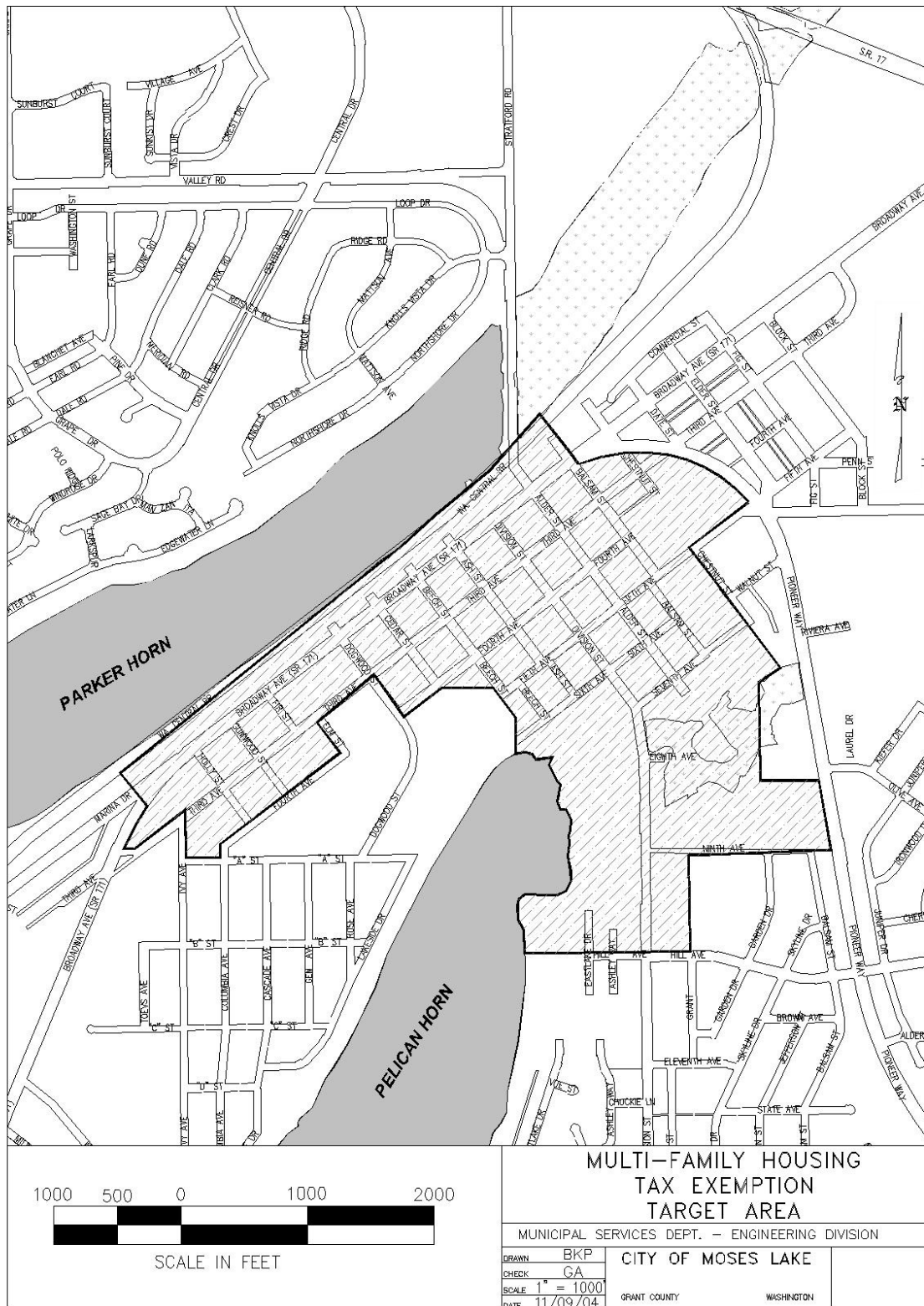
- F. Annual Compliance Review: Within thirty (30) days after the first anniversary of the date of filing the Final Certificate of Tax Exemption and each year thereafter, for a period of eight (8) or twelve (12) years, the property owner shall file a notarized declaration with the Community Development Director indicating the following:
1. A statement of occupancy and vacancy of the multi-family units during the prior year.
  2. A certification that the property continues to be in compliance with the contract with the city.

3. A description of any subsequent improvements or changes to the property.

City staff shall also conduct on-site verification of the declaration. Failure to submit the annual declaration may result in the tax exemption being cancelled.

- G. Cancellation of Tax Exemption: If the Community Development Director determines the owner is not complying with the terms of the contract, the tax exemption may be cancelled. 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, the owner must notify the Community Development Director and the Grant County Assessor within sixty (60) days of the change in use.
  1. Effect of cancellation: If a tax exemption is cancelled due to a change in use or other non-compliance, the Grant County Assessor may impose the additional real property tax on the value of the non-qualifying improvements in the amount that would normally be imposed, plus a penalty of twenty percent (20%). This additional tax is calculated based upon the difference between the property tax paid and the property tax that would have been paid if it had included the value of the non-qualifying improvements dated back to the date that the improvements were converted to a non-multi-family use. The tax must include interest upon the amount of the additional tax as determined by the Assessor, and the additional tax owed, together with interest and penalty, will become a lien on the land and attach at the time the property or portion of the property is removed from multi-family use or the amenities no longer meet applicable requirements.
  2. Notice of Appeal: Upon determining that a tax exemption is to be cancelled, and after the Community Development Director's review with the City Manager, the Community Development Director shall notify the property owner by certified mail. The property owner may appeal the determination by filing a notice of appeal with the Finance Director within thirty (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 may 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 Grant County Superior Court. (Ord. 2369, 12/18/07; Ord. 2183, 11/23/04)

CITY OF MOSES LAKE MUNICIPAL CODE  
 CHAPTER 18.23 - MULTI-FAMILY HOUSING TAX EXEMPTION



(Ord. 2183, 11/23/04)