

ORDINANCE NO. ____

AN ORDINANCE of the City Council of the City of Bremerton, Washington, amending certain provisions of Chapter 3.78 of the Bremerton Municipal Code by repealing and replacing Figures 3.78(a) and 3.78(b), and adding Figures 3.78(c) through 3.78(g) to include all Centers in the Residential Target Area allowing exemptions from ad valorem property taxation for new multifamily housing.

WHEREAS, exemptions from ad valorem property taxes for multifamily housing encourage increased residential opportunities within designated residential targeted areas, stimulate new construction and rehabilitation of existing buildings, assist in directing future population growth and helps to achieve development densities which are more conducive to transit use in designated residential targeted areas; and

WHEREAS, on October 4, 2006 the City Council of the City of Bremerton, Washington, passed Ordinance No. 4968 adopting Chapter 3.78 of the Bremerton Municipal Code (BMC) establishing exemptions from ad valorem property taxation for new multifamily housing in designated residential targeted areas of the City and established a residential targeted area for the multifamily property tax exemption within the Downtown Regional Center; and

WHEREAS, on April 9, 2007, the State Legislature passed House Bill 1910 amending Chapter 84.14 RCW relating to multifamily tax exemptions; and

WHEREAS, on December 19, 2007, the City Council passed Ordinance No. 5036 amending Chapter 3.78 BMC to be consistent with House Bill 1910, and expanded and added additional residential targeted areas; and

WHEREAS, on March 3, 2010, the City Council passed Ordinance No. 5105 amending Chapter 3.78 BMC to further expand the Downtown Regional Center Residential Target Area; and

WHEREAS, on December 19, 2012, the City Council passed Ordinance No. 5202 amending Chapter 3.78 BMC to include three parcels located at 1008, 1016, and 1018 Burwell Street into the Downtown Regional Center; and

WHEREAS, on November 5th, 2014, the City Council passed Ordinance No. 5260 amending Chapter 3.78 BMC to include all of the newly expanded Downtown Regional Center in the boundaries of the residential targeted area for multifamily tax exemption; and

WHEREAS, the City desires to offer an equal opportunity for redevelopment incentives by expanding the residential targeted areas to include all centers with the potential for multifamily housing development; and

WHEREAS, the proposed expansion of the residential targeted area for the multifamily property tax exemption is within an urban center as defined by Chapter 84.14 RCW and as designated in the City's comprehensive plan; and

WHEREAS, the residential targeted area, as expanded in this ordinance lacks sufficient available, desirable, and convenient residential housing, including affordable housing units, to meet the needs of the public who would be likely to live in the residential targeted area, if desirable, attractive, and livable places to live were available; and

WHEREAS, on April 30, 2016 and May 7, 2016, the public was notified by a legal advertisement in the Kitsap Sun of the opportunity to make comment and participate in the public hearing by the City Council; and

WHEREAS, on May 18, 2016, the City Council conducted a public hearing and considered all testimony; NOW, THEREFORE;

THE CITY COUNCIL OF THE CITY OF BREMERTON, WASHINGTON, DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. The recitals set forth above are hereby adopted and incorporated as set forth in full.

SECTION 2. *Boundaries Expanded.* The boundaries of the residential targeted areas as described in Chapter 3.78 of the Bremerton Municipal Code entitled "Downtown Regional Center Residential Target Area" are hereby expanded as set forth in **Exhibit A**, attached hereto and incorporated herein by this reference.

SECTION 3. *Chapter 3.78 BMC Amended - Figures 3.78(a) and 3.78(b) Repealed and Replaced.* Chapter 3.78 of the Bremerton Municipal Code is amended by repealing and replacing Figure 3.78(a) and Figure 3.78(b) with a new Figure 3.78(a) and Figure 3.78(b), and by adding to Chapter 3.78 new Figures 3.78(c) through 3.78(g) as set forth in **Exhibit B**, attached hereto and incorporated herein by this reference.

SECTION 4. *BMC 3.78.020 Amended.* Section 3.78.020 of the Bremerton Municipal Code entitled "Definitions" is hereby amended to read as follows:

3.78.020 DEFINITIONS.

When used in this chapter, the following terms shall have the following meanings, unless the context indicates otherwise:

(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 (30) 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) "Building codes" means the City and State building and fire codes as set forth in Chapters 17.04, 18.02 and 18.03 BMC.

(c) "City" means the City of Bremerton.

(d) "Department" means the City Department of Community Development.

(e) "Director" means the Director of the Department of Community Development, or designee.

(f) "High-cost area" means a county where the third quarter median house price for the previous year as reported by the Washington Center for Real Estate Research at Washington State University is equal to or greater than one hundred thirty (130) percent of the statewide median house price published during the same time period.

(g) "Household" means a single person, family, or unrelated persons living together.

(h) "Low-income household" means a single person, family, or unrelated persons living together whose adjusted income is at or below eighty (80) 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 (100) percent of the median family income, adjusted for family size, for the county where the project is located.

(i) "Moderate-income household" means a single person, family, or unrelated persons living together whose adjusted income is more than eighty (80) percent but is at or below one hundred fifteen (115) 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 (100) percent, but at or below one hundred fifty (150) percent, of the median family income adjusted for family size, for the county where the project is located.

(j) "Multifamily housing" means a building having ten (10) or more dwelling units not designed or used as transient accommodations and not including hotels and motels. Multifamily units may result from new construction or rehabilitated or conversion of vacant, underutilized, or substandard buildings to multifamily housing.

(k) "Multifamily property tax exemption" means an exemption from ad valorem property taxation for multifamily housing.

(l) "Owner" means the property owner of record.

(m) "Permanent residential occupancy" means multiunit housing that provides either rental or owner occupancy on a nontransient 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.

(n) "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, fire, and zoning codes, or modification to existing occupied structures which increase the number of multifamily housing units.

(o) "Residential targeted area" also "residential target area" means the geographic area located within the areas set forth in Figures 3.78(a) ~~and through~~ 3.78(bg).

(p) "Substantial compliance" means compliance with all local building, fire and zoning code requirements, which are typically required for rehabilitation as opposed to new construction.

SECTION 5. BMC 3.78.050 Amended. Section 3.78.050 of the Bremerton Municipal Code entitled "Project Eligibility" is hereby amended to read as follows:

3.78.050 PROJECT ELIGIBILITY.

A proposed multifamily housing project must meet the following requirements for consideration for a property tax exemption:

(a) Location. The project must be located within a residential targeted area as defined in BMC 3.78.020 and as set forth in Figures 3.78(a) ~~and through~~ 3.78(bg).

(b) Tenant Displacement Prohibited. The project must not displace existing residential tenants of structures that are proposed for redevelopment. If the property proposed to be rehabilitated is not vacant, an applicant shall provide each existing tenant housing of comparable size, quality, and price and a reasonable opportunity to relocate.

(c) Noncompliance with Building Codes. Existing dwelling units proposed for rehabilitation must fail to comply with one or more standards of the applicable State or City building codes.

(d) Size of Project. The new, converted, or rehabilitated multiple-unit housing must provide for a minimum of fifty (50) percent of the space for permanent residential occupancy. The project, whether new, converted, or rehabilitated multiple-unit housing, must include at least ten (10) units of multifamily housing within a residential structure or as part of an urban development. In the case of existing multifamily housing that is occupied or which has not been vacant for twelve (12) months or more, the multifamily housing project must also provide for a minimum of four (4) additional multifamily units for a total project of at least ten (10) units including the four (4) additional units. Existing multifamily housing that has been vacant for twelve (12) months or more does not have to provide additional units.

(e) Proposed Completion Date. New construction of multifamily housing and rehabilitation improvements must 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. The project must also comply with any other standards and guidelines adopted by the City Council for the residential targeted area.

SECTION 6. Severability. If any one or more sections, subsections, or sentences of this ordinance are held to be unconstitutional or invalid, such decision shall not affect the validity of the remaining portion of this ordinance and the same shall remain in full force and effect.

SECTION 7. Effective Date. This ordinance shall take effect and be in force ten (10) days from and after its passage, approval and publication as provided by law.

PASSED by the City Council the _____ day of _____, 2016

ERIC YOUNGER, Council President

Approved this _____ day of _____, 2016

PATTY LENT, Mayor

ATTEST:

APPROVED AS TO FORM:

SHANNON CORIN, City Clerk

ROGER A. LUBOVICH, City Attorney

PUBLISHED the _____ day of _____, 2016

EFFECTIVE the _____ day of _____, 2016

ORDINANCE NO. _____

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