



City of Tacoma  
Planning and Development Services

Agenda Item  
F4

**To:** Planning Commission  
**From:** Wesley Rhodes, Planning Services Division  
**Subject:** **2023 Amendment – “City-wide Commercial Zoning Code Update”**  
**Memo Date:** February 08, 2023  
**Meeting Date:** February 15, 2023

**Action Requested:**  
Comment and Direction.

**Discussion:**

At the next meeting on February 15, 2023, the Planning Commission will receive a briefing, for comment and direction, on proposed code updates as part of Phase I of the staff-initiated application, “City-wide Commercial Zoning Code Update” for the 2023 Annual Amendment to the [One Tacoma Comprehensive Plan](#) and [Land Use Regulatory Code](#) (“2023 Amendment”).

Staff will present the key findings from its comprehensive review of the design standards for projects which include residential development in commercial areas included in the Multi-Family Property Tax Exemption Program’s (MFTE) expansion to include “neighborhood commercial nodes,” along transit. This includes any proposed code updates. Final code language and exhibits will be reviewed as part of the March 1<sup>st</sup> Planning Commission meeting, which will seek a release for public review.

Discussions regarding the scoping of the broader City-wide commercial zoning code update will continue to occur throughout 2023, with those updates taking effect (during phase II) as part of the 2024 Periodic Comprehensive Plan Update.

**Project Summary:**

The project proposes to update the City’s commercial zoning code classifications (C-1, C-2, T, PDB) to better conform with goals and policies contained within the *One Tacoma* Comprehensive Plan. The update will address inconsistencies between the Comprehensive Plan goals and policies with existing zoning standards, such as issues that arise with implementing a more pedestrian-oriented design approach as well as areas where more intensive development abuts lower density residential areas.

**Prior Action:**

- September 7, 2022: Assessment and Determination
- January 4, 2023: Comment and Direction

**Staff Contact:**

- Wesley Rhodes, [wrhodes@cityoftacoma.org](mailto:wrhodes@cityoftacoma.org)

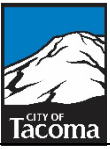
**Attachments:**

- Attachment 1: Issue Paper – Phase I Code for Commercial Areas
- Attachment A: Ordinance No. 28798

c. Peter Huffman, Director







**2023 ANNUAL AMENDMENT  
TO THE COMPREHENSIVE PLAN AND LAND USE REGULATORY CODE**

**Application:  
City-wide Commercial Zoning Update  
Phase I**

**Issue Paper - Phase I Code for Commercial Areas  
February 08, 2023**

The project proposes to update the City’s commercial zoning code classifications (C-1, C-2, T, PDB) to better conform with goals and policies contained within the *One Tacoma* Comprehensive Plan. The update will address inconsistencies between the Comprehensive Plan goals and policies with existing zoning standards, such as issues that arise with implementing a more pedestrian-oriented design approach as well as areas where more intensive development abuts lower density residential areas.

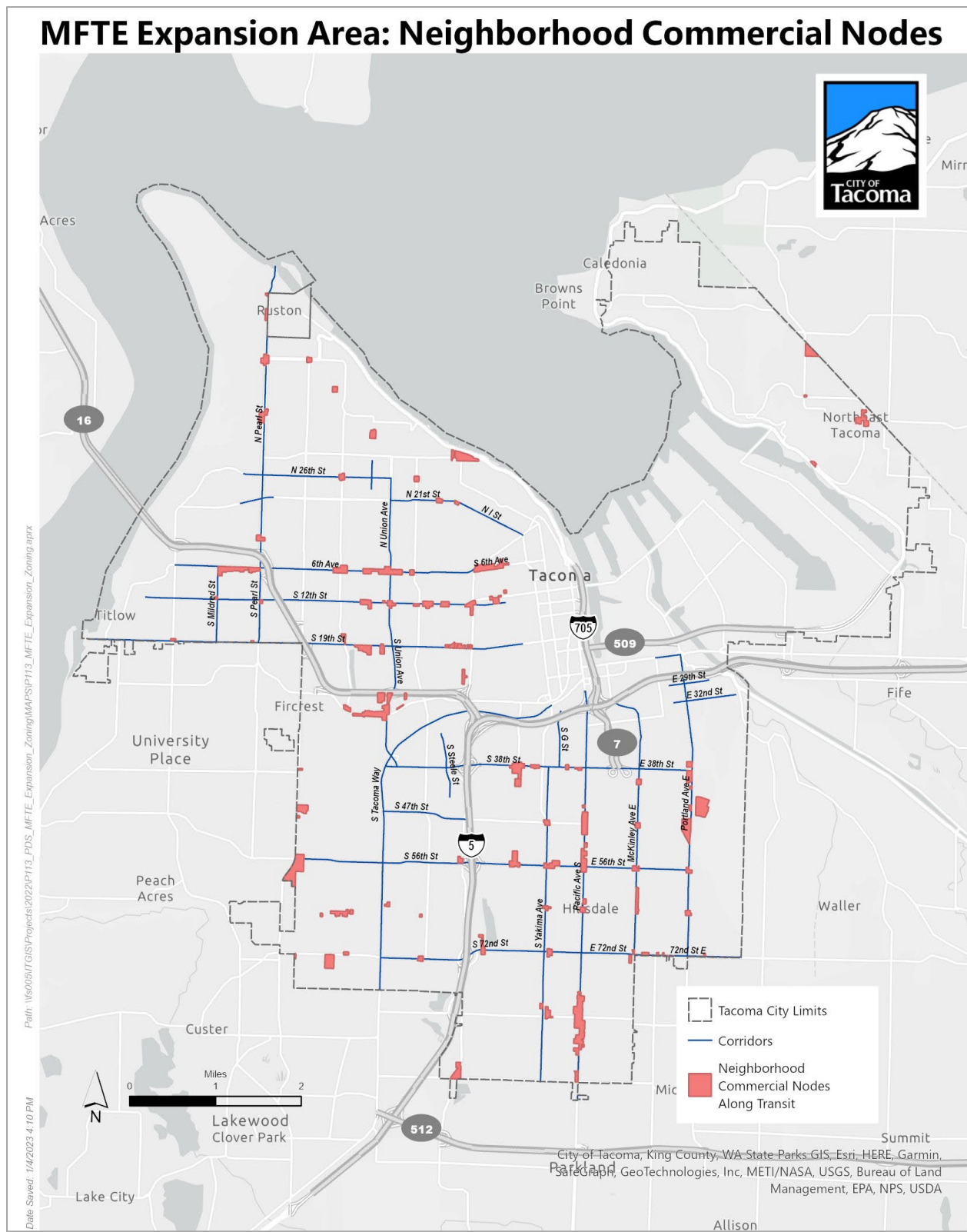
Specifically, as part of Phase I of the project, staff will conduct a comprehensive review of the design standards for projects which include residential development in commercial areas included in the Multi-Family Property Tax Exemption Program’s (MFTE) expansion to include “neighborhood commercial nodes,” along transit.

Project Summary	
<b>Applicant:</b>	Planning & Development Services
<b>Staff Contact:</b>	Wesley Rhodes, Senior Planner, <a href="mailto:wrhodes@cityoftacoma.org">wrhodes@cityoftacoma.org</a>
<b>Location:</b>	Commercial Zones City-wide
<b>Project Proposal:</b>	The project proposes to update the City’s commercial zoning code classifications (C-1, C-2, T, PDB) to better conform with goals and policies contained within the <i>One Tacoma</i> Comprehensive Plan.



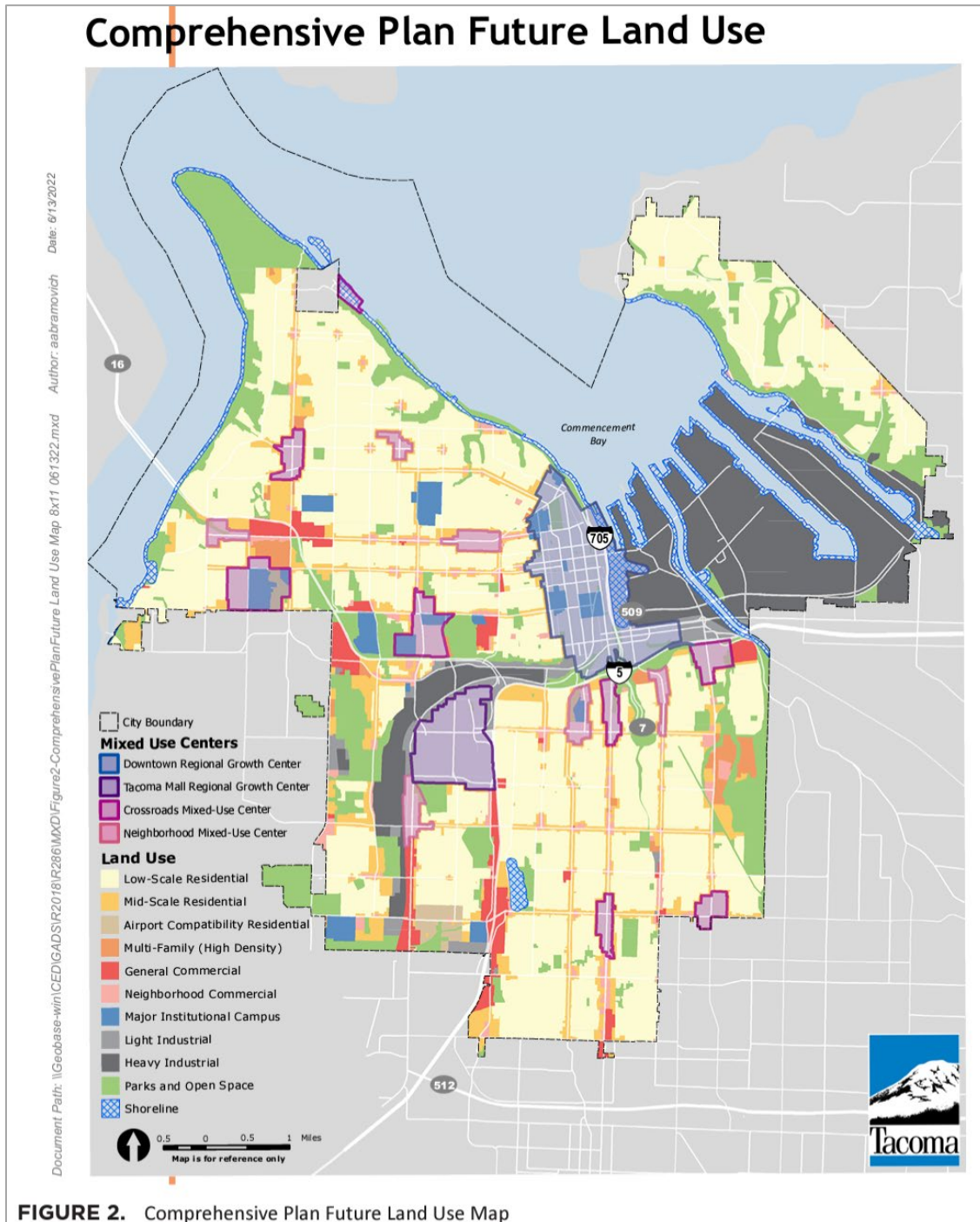
## 1. Area of Applicability

The overall project, which consists of two phases, is City-wide in commercially zoned areas outside of Centers.



Specifically, for phase I, Staff will present the key findings from its comprehensive review and proposed updates of the design standards for projects which include residential development in commercial areas included in the Multi-Family Property Tax Exemption Program's (MFTE) expansion to include "neighborhood commercial nodes," along transit. Where a "Neighborhood Commercial Node" is defined as designated Neighborhood Commercial FLUM (Figure 2 of the Urban Form chapter of the Comprehensive Plan, shown below) with a contiguous area of at least 20,000 square feet.

While the majority of the proposed code updates are recommended to apply to all commercially zoned areas within the Neighborhood Commercial FLUM, in some limited instances proposed code updates would apply to all commercial zoning districts, regardless of FLUM designation. However, in these instances the changes are confined to development along designated Pedestrian streets.



## 2. Background

### Prior Planning Commission Action:

- September 7, 2022: Assessment and Determination
- January 4, 2023: Comment and Direction

As part of previous presentations to the Planning Commission this project was outlined to have a two phased approach with only a review and update to code related to the MFTE Expansion Area design standards moving forward for public review as part of the 2023 application packet.

Phased Approach		
	Plan	Code
<b>Phase 1 (2023 Amendment Cycle)</b>	Create Commercial Pattern Area Typology, Policy Gap Assessment, Implementation Framework	MFTE Expansion Area design standards updates
<b>Phase 2 (2024 Periodic Update)</b>	Adopt Commercial Typologies and associated policies	Adopt the implementing zoning districts

As such, while there will be additional scoping during 2023 for the broader City-wide commercial zoning code update (phase II), this report will focus on the required comprehensive review of the design standards for projects which include residential development in commercial areas included in the Multi-Family Property Tax Exemption Program's (MFTE) expansion to include "neighborhood commercial nodes," along transit, including staff's recommendations for code updates.

### Ordinance No. 28798

On December 14, 2021, the City Council passed Ordinance No. 28798 which expanded the "...12-year and 20-year MFTE to residential target areas of Neighborhood Commercial Nodes along transit and existing mid-scale residential on corridors as defined through the Home in Tacoma Program ("HIT") process...."

Furthermore, the ordinance stated the "...12-year and 20-year MFTE in TMC 6A.110 shall not become available in the neighborhood commercial nodes until a comprehensive review and update of the design standards for projects which include residential development in those commercial areas is completed...."

In order to ensure that the expansion of housing incentives to commercial areas would not negatively impact the city's ability to also encourage continued commercial activity in these areas, the ordinance also required "...projects in residential target areas of Neighborhood Commercial Nodes along transit and existing mid-scale residential on corridors, which are located on a corner, must include at least 30 percent of the first floor as commercial space, built per commercial building code and subject to the design standards of the applicable zoning district...."

Staff has conducted a comprehensive review and presents its findings and recommendations in Section 3. Staff Analysis for Code Updates, below.

### 3. Staff Analysis for Code Updates

The following table contains staff's recommendations for updates to the code following a comprehensive review of the design standards for projects which include residential development in commercial areas included in the Multi-Family Property Tax Exemption Program's (MFTE) expansion to include neighborhood commercial nodes, along transit.

Recommended Code Updates		
Minimum Usable Yard Space		
<b>Code Section:</b> 13.06.030.F.6 Minimum usable yard space.	<b>Code Language:</b> Minimum usable yard space shall be provided in accordance with the residential building type requirements in 13.06.020.F.7.	<b>Purpose:</b> Minimum usable yard space requirements are in place to help ensure that outdoor active living opportunities are adequately accessible to residents either on the property where they reside, or nearby.
<b>Applicability:</b> Single use residential development		
<b>Issue:</b> Applicability is only to single use residential development.		
<b>Proposed Update:</b> Staff proposes to extend applicability to include Multi-Family residential that includes a commercial component.		
Tree Canopy Coverage		
<b>Code Section:</b> 13.06.030.F.7 Tree Canopy Coverage	<b>Code Language:</b> Tree canopy shall be provided in accordance with the standards in 13.06.020.F.8.  District standard (percent of lot): T and C-1: 30 C-2 and PDB: 20	<b>Purpose:</b> Tree canopy coverage requirements helps the City meet its tree canopy coverage goals and includes numerous benefits such as providing shade, reducing the heat island effect, carbon sequestration, rainwater filtration and on-site absorption, erosion control, and beautification, among others.
<b>Applicability:</b> Single use residential development		
<b>Issue:</b> Applicability is only to single use residential development.		
<b>Proposed Update:</b> Staff proposes to extend applicability to include Multi-Family residential that includes a commercial component.		
Maximum Setback Standards on Designated Streets		
<b>Code Section:</b> 13.06.030.F.8 Maximum setback standards on designated streets.	<b>Code Language:</b> Buildings that are 100 percent residential do not have a maximum setback. Residential development shall meet the Build-to Area standard in 13.06.020.F.6.	<b>Purpose:</b> To achieve a pedestrian supportive environment, where buildings are located in close proximity to the street and designed with areas free of pedestrian and vehicle movement conflicts.
<b>Applicability:</b> Pedestrian streets as defined in TMC 13.06.010.D.1.		
<b>Issue:</b> Applicability is only to single use residential on pedestrian streets.		
<b>Proposed Update:</b> Staff proposes to clarify the code such that Multi-family development in commercially zoned districts along Pedestrian streets will apply the following setback standards. Buildings that are 100 percent residential or that have any portion of the ground floor as a residential use do not have a maximum setback. Residential		

development shall meet the Build-to Area standard in 13.06.020.F.6. For buildings with 100% commercial ground floor use, the set-back standards set forth in this code section will still apply

## Multi-Family Development Parking

**Code Section:** 13.06.090.C.7.c.(3)  
Multi-Family Development Parking

**Code Language:** (b) Non-X-Districts:  
In multi-family residential developments all on-site parking shall be located in the rear portion of the lot and shall not be accessed from the front if suitable access to the rear is available, such as an abutting right-of-way that is or can practicably be developed. If access is not practicably available to the rear yard or not practicably limited only to the rear and sides (such as for institutional and other large uses), subject to determination by the City Engineer, then vehicular access to the front may be developed. However, in all cases such access and parking shall be limited to the minimum necessary and in no case shall driveway and/or parking areas exceed the following:

- Surface parking and access thereto shall not occupy more than 50% of the front yard and corner street side yard street frontages and more than 80 feet in continuous street level frontage.
- Surface parking located to the side of a structure meeting the maximum setback shall not exceed a maximum of 60 feet in width for paved vehicular area.
- Surface parking shall not be located between a structure meeting the “build-to area” maximum setbacks and the pedestrian street right-of-way.

**Purpose:** The size and placement of vehicle parking areas and access are regulated in order to enhance the appearance of neighborhoods, to break up monotonous street frontages with active uses, and to create a well-defined public realm.

**Applicability:** Single use multi-family development in non-X-districts.

**Issue:** Applicability is only to single use multi-family.

**Proposed Update:** Staff proposes to extend applicability to multi-family development that includes a commercial component.

## Street Level Building Transitions

**Code Section:** 13.06.090.M  
Street Level Building Transitions

**Code Language:** 3. Standards  
a. Residential buildings meeting the “build-to” requirements along designated pedestrian streets shall

**Purpose:** To more clearly delineate the transition between private space (such as a residence) and the public

	<p>provide a transition area between the public right-of-way and the ground floor dwelling units.</p> <p>(1) Transitions can be accomplished through grade changes that elevate the ground floor units and main entry or through landscaping and other design elements, such as plazas, artwork, fountains, bioswales, or other amenities. Review of any proposed public art shall be coordinated with the City's Arts Administrator and/or approved by the Arts Commission, as determined by the Arts Administrator.1</p> <p>(2) Fences, walls, and gateways may be used to provide some visual separation of private residences, but not to hide the transition area.</p> <p>(3) Fences over 3 feet in height must be transparent and cannot exceed 5 feet in height.</p> <p>(4) The transition area may be used to meet usable yard space requirements.</p> <p>(5) Parking may not be used as a feature of the transition area.</p> <p>(6) Examples.</p>	realm (such as the street or a sidewalk).
<b>Applicability:</b> Residential buildings meeting the "build-to" requirements along designated pedestrian streets		
<b>Issue:</b> Staff has expanded the applicability of these street level transition standards to include any building that has any portion of the ground floor as a residential use in a commercially zoned district along a Pedestrian street.		
<b>Proposed Update:</b> No actual code change is needed for this section. Staff is just noting that due to the inclusion of buildings with a mixed ground floor use that includes a residential component as meeting the Build-to Area standard in 13.06.020.F.6, these street level transitions will now also apply to those buildings.		
<b>Commercial District Minimum Design Standards</b>		
<p><b>Code Section:</b> 13.06.100.A.2</p> <p>Commercial District Minimum Design Standards</p> <p>Zoning District Applicability</p>	<p><b>Code Language:</b> The following requirements apply to the C1, C2, T, and PDB zoning districts. See Section 13.06.100.B, for X-District requirements. Single-use multi-family residential developments in the C1, C2, T, and PDB zoning districts are subject to the requirements in Section 13.06.100.C Multi-family Residential Minimum Design Standards.</p>	<p><b>Purpose:</b> To apply the correct design standards based on building type to developments within the commercial zoning districts</p>
<b>Applicability:</b> Developments within commercial zoning districts		
<b>Issue:</b> The Code states and applies sufficient design standards for developments within commercial zoning districts that are either single use multi-family or single use commercial. However, there is a lack of clarity and simplicity that		

multi-family single-use residential will apply the multi-family design standards. Additionally, the code does not currently clearly articulate sufficient design standards for multi-family development with a commercial component within commercial zoning districts.

**Proposed Update:** Staff proposes to move the current Section 13.06.100.A.2 and place it in Section 13.06.100.A.1.e “Residential and/or mixed-use”

Staff also proposes to insert the following sentence: “Multi-family residential developments with a commercial component located within the C1, C2, T, and PDB zoning districts, and within the Neighborhood Commercial FLUM (as defined in Figure 2 of the Urban Form chapter of the Comprehensive Plan) are subject to the requirements in Section 13.06.100.B Mixed-Use District Minimum Design Standards.”

## Pedestrian Orientation Standards - Entrances

**Code Section:** 13.06.100.C.3.a  
Multi-family Residential Minimum  
Design Standards  
Pedestrian Orientation Standards  
Entrances

**Code Language:** (1) Buildings meeting the “build-to area” for designated pedestrian streets shall provide at least 1 entrance within 8 feet of the longest street-facing wall of the building. Buildings that have a shared main entrance must use the shared main entrance to fulfill the requirements of this standard.  
(a) The shared main entrance must face the street or be at an angle of up to 45 degrees from the street.  
(b) The shared main entrance may open onto a porch. The porch must have a minimum dimension of 4 feet by 6 feet; have a roof that is no more than 12 feet above the floor of the porch; and be at least 30 percent solid. If at least 30 percent of the porch is covered with a solid roof, the rest may be covered with an open material, such as a trellis.  
(2) Weather protection is required for all multi-family building entries. For private entries, required weather protection must be at least 3 feet deep along the width of the entry. For common building entries, the required weather protection shall be 5 feet.

**Purpose:** These requirements are intended to enhance pedestrian mobility and safety by providing increased circulation, decreasing walking distances required to enter large developments, and providing walkways partially shielded from rain and/or snow.

**Applicability:** Multi-family residential developments

**Issue:** Staff would like to better define specific elements of the pedestrian orientation standards for entrances, such as “main entrance,” to provide better clarity and predictability to developers and design review staff. Additionally, while 13.06.100.A (Commercial District Minimum Design Standards) and 13.06.100.B (Mixed-Use District Minimum Design Standards) contain language specifying requirements for customer entrances, these sections are missing requirements for residential entrances.

**Proposed Update:** Staff proposes to clarify the language as part of 13.06.100.C.3.a and then also include the same language as part of 13.06.100.A.7 and 13.06.100.B.9 to ensure that those sections have standards for both customer and residential entrances

## Off-Street Parking Spaces - Quantity

<b>Code Section:</b> 100.090.C.3.h Off-street parking spaces – quantity Table 1	<b>Code Language:</b> See TABLE 1 which defines required minimum off-street parking requirements	<b>Purpose:</b> To ensure the safe and adequate flow of traffic in public right-of-way, it is deemed in the interest of the public health, safety, and general welfare that off-street parking areas be required as a necessary part of the development and use of land, and to ensure that required parking areas are designed to perform in a safe and efficient manner, among others.
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**Applicability:** Table 1 defines minimum off-street parking requirements by use categories

**Issue:** The Multi-Family dwelling section has different minimum off-site parking requirements depending upon the underlying zoning district. The Table erroneously omits PDB and includes HM.

**Proposed Update:** Staff proposes to remove “HM” from the chart which is a zoning district that no longer exists and replace it with “PDB” which is erroneously missing from the chart.

In addition to the proposed code updates, staff reviewed several elements which it found to not need required code changes prior to the expansion of MFTE to neighborhood commercial nodes, along transit. Exclusion from updates as part of phase I does not exclude these areas of the code from potential updates as part of phase II.

The following list of elements were deemed important for review and found to be adequately applicable in the current code for expansion of MFTE to occur (NOTE: List is not inclusive of all elements reviewed):

- Lot area and building envelope standards
- Landscaping standards
- Off-street parking quantity requirements
- Pedestrian and Bicycle support standards
- Transit support facilities
- Residential transition standards
- Fences and Retaining walls
- Electric Vehicle charging station requirements

Staff also considered the implications of expanding MFTE to commercial areas, such as potential loss of commercial uses. Staff concluded that the inclusion of the provision within the MFTE ordinance that required corner lots to include at least 30% ground floor commercial to be sufficient to allow the expansion.

## 4. Supplemental Information

- Attachment A: Ordinance No. 28798





## ORDINANCE NO. 28798

1 AN ORDINANCE amending Chapter 6A.110 and Chapter 13.17 of the  
2 Municipal Code, relating to Property Tax Exemptions for Multi-Family  
3 Housing and Mixed-Use Center Development, to update language  
4 regarding the Multi-Family Property Tax Exemption Program, effective  
5 90 days from the date of passage.

6 WHEREAS over the past four months, City staff and the City Council  
7 have been working with various internal and external stakeholders to update  
8 the City's Multi-Family Property Tax Exemption Program ("MFTE"), and

9 WHEREAS, in order to better understand the perspective of those who  
10 use the MFTE, Council Members Hines and Walker held a roundtable  
11 discussion with key stakeholders from the private multi-family housing  
12 development sector, and

13 WHEREAS on November 2, 2021, the Government Performance and  
14 Finance Committee ("GPFC") concluded its review of the MFTE Program, and  
15 on November 9, 2021, the approved changes agreed upon at the City's GPFC  
16 were adopted in Resolution No. 40866, and include:

- 17 1. Expansion of the 12-year and 20-year MFTE to residential target areas  
18 of Neighborhood Commercial Nodes along transit and existing mid-scale  
19 residential on corridors as defined through the Home in Tacoma  
20 Program ("HIT") process, and authorization of the 20-year MFTE in  
21 mixed use centers;  
22
- 23 2. Expansion of the 12-year and 20-year MFTE to areas rezoned as "mid-  
24 scale" through the HIT process, once the rezoning is complete;  
25  
26



1 3. Implementation of elements of Senate Bill 5287 (Chapter 187, Laws of 2021)

2 required in order to take action:

3 a. Approval of the use of a 20-year MFTE for approved projects

4 b. Allowing applications for 12-year extensions for projects under current  
5 exemption, if affordability is maintained or added  
6

7 c. Allowing for approval of extra time to finish projects affected by  
8 COVID-19

9 4. Requiring the 12-year and 20-year MFTE affordability level to be 70 percent  
10 of Pierce County Family Median Income;  
11

12 5. Requiring projects in residential target areas of Neighborhood Commercial  
13 Nodes along transit and existing mid-scale residential on corridors, which  
14 are located on a corner, must include at least 30 percent of the first floor  
15 as commercial space, built per commercial building code and subject to  
16 the design standards of the applicable zoning district; and  
17

18 6. Changes should go into effect 90 days from adoption of the Ordinance,  
19 and

20 WHEREAS, the proposed changes to the Tacoma Municipal Code will  
21 create more affordable housing units in the City, ensure that affordability is  
22 being created throughout the City and not just in certain areas, and ensure that  
23 local employment practices are being adhered to, thus creating more job  
24 opportunities for those living in the City, and  
25  
26



WHEREAS the 12-year and 20-year MFTE in TMC 6A.110 shall not become available in the neighborhood commercial nodes until a comprehensive review and update of the design standards for projects which include residential development in those commercial areas is completed, and

WHEREAS due to COVID-19 delays, for applicants that submitted original applications for the tax exemption prior to February 15, 2020, the Director may choose to extend the completion deadline for an additional five years. The five-year extension would begin immediately following the completion of any outstanding applications or previously authorized extensions, whichever is later; Now, Therefore,

BE IT ORDAINED BY THE CITY OF TACOMA:

Section 1. That Chapter 6A.110 and Chapter 13.17 of the Municipal Code, relating to the Property Tax Exemptions for Multi-Family Housing and Mixed-Use Center Development, are hereby amended as set forth in the attached Exhibits "A" and "B," effective 90 days from the date of passage.

Section 2. Due to COVID-19 related construction delays, the City is authorized to extend the completion deadline for an additional five years for applicants that submitted original tax exemption applications prior to February 15, 2020. The five-year extension would begin immediately following the completion of any outstanding applications or previously authorized extensions, whichever is later.



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Section 3. That the City Clerk, in consultation with the City Attorney, is authorized to make necessary corrections to this ordinance, including, but not limited to, the correction of scrivener's/clerical errors, references, ordinance numbering, section/subsection numbers, and any references thereto.

Passed \_\_\_\_\_

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

Approved as to form:

\_\_\_\_\_  
Deputy City Attorney



## EXHIBIT "A"

### Chapter 6A.110 PROPERTY TAX EXEMPTIONS FOR MULTI-FAMILY HOUSING

\* \* \*

#### Sections:

6A.110.010 Definitions.

6A.110.020 Property Tax Exemption – Requirements and Process.

#### **6A.110.010 Definitions.**

A. "Multi-family housing" means a building or group of buildings(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. (TMC Section ~~13.17.010~~ 13.01.170)

B. "Owner" means the property owner of record. (TMC Section ~~13.01.170~~ 13.17.010)

C. "Mixed-use center" means a center designated as such in the land use element of the City's comprehensive plan. A mixed-use center is 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. (TMC Section ~~13.01.170~~ 13.17.010)

D. "Director" means the Director of the Community and Economic Development Department or authorized designee. (TMC Section ~~13.01.170~~ 13.17.010)

E. "Permanent residential occupancy" means multifamily 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. (TMC Section ~~13.01.170~~ 13.17.010)

F. "Rehabilitation improvements" means modifications to existing structures that are vacant for 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. (TMC Section ~~13.01.170~~ 13.17.010)

G. "Residential target area" means an area ~~within a mixed-use center of the City~~ that has been designated by the City Council as lacking sufficient, available, desirable, and convenient residential housing to meet the needs of the public.

H "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.

I. "Household" means a single person, family, or unrelated persons living together.

J. "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, city or metropolitan statistical area where the project is located, as reported by the United States Department of Housing and Urban Development.

K. "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, city or metropolitan statistical area where the project is located, as reported by the United States Department of Housing and Urban Development.

L. "Campus facilities master plan" means the area that is defined by the University of Washington as necessary for the future growth and development of its campus facilities for branch campuses authorized under RCW 28B.45.020.



**6A.110.020 Property Tax Exemption – Requirements and Process**

A. Intent. Limited 8~~2~~-~~or~~ 12~~2~~-~~year~~ or 20-year exemptions from ad valorem property taxation for multi-family housing in ~~mixed-use~~ Residential Targeted Areas-centers are intended to:

1. Encourage additional affordable housing including permanently affordable housing opportunities and market rate workforce housing within areas of the City designated by the City Council as residential target areas;

2. Achieve development densities which are more conducive to transit use within areas of the City designated by the City Council as residential target areas;

3. Promote economic investment and recovery and create family-wage jobs; and  
~~increased residential opportunities within mixed-use centers designated by the City Council as residential target areas;~~

~~42.~~ Stimulate new construction or rehabilitation of existing vacant and underutilized buildings for multifamily housing in residential target areas to increase and improve housing opportunities;

~~3. Assist in directing future population growth to designated mixed-use centers, thereby reducing development pressure on single family residential neighborhoods; and~~

~~4. Achieve development densities which are more conducive to transit use in designated mixed-use centers.~~

B. Duration of Exemption. The value of improvements qualifying under this chapter will be exempt from ad valorem property taxation for eight~~2~~-~~or~~ twelve or twenty successive years (depending on which whether the property includes affordable housing component as described in subsection E~~2~~ and F~~2~~ or G below is chosen) beginning January 1 of the year immediately following the calendar year of issuance of the Final Certificate of Tax Exemption.

C. Limits on Exemption. The exemption does not apply to the value of land or to 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. Rehabilitation Provisions. Property proposed to be rehabilitated must fail to comply with one or more standards of the applicable state or local building or housing codes on or after July 23, 1995.

E. Eight-year exemption 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 ~~mixed-use center~~ residential target area, as designated in Section 13.17.020. Potential projects to be sited within the boundaries of the University of Washington Tacoma “campus facilities master plan” within the Downtown Tacoma Mixed-Use Center will not be considered.

2. Size. The project must include at least four units of multi-family housing within a residential structure~~(s)~~ 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.

3. Permanent Residential Occupancy. At least 50 percent of the space designated for multi-family housing must be provided for permanent residential occupancy, as defined in Section 13.17.070.~~-P40~~.



4. 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.

5. 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 the City's minimum housing code.~~ 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.

6. Vacancy Requirement. Existing dwelling units proposed for rehabilitation must have one or more violations of the City's Minimum Building and Structures code, 2.01. If the property proposed to be rehabilitated is not vacant, an applicant must provide each existing household a ~~12090~~ days move notice as well as provide housing of comparable size, quality, and price. If the property proposed to be developed, currently has residential rental structure on it, an applicant must provide each existing household a ~~12090~~ days move notice as well as provide housing of comparable size, quality, and price. If any household being provided a ~~12090~~ days move notice is qualified as a low-income household, the applicant will provide the household with moving expenses according to the current Department of Transportation Fixed Residential Moving Costs Schedule.

F. Twelve-year ~~exemption requirements~~ Project Eligibility. A proposed project must meet the following requirements for consideration for a twelve-year property tax exemption.

1. All requirements in Section E ~~above~~ and;

2. Must be located in a residential target area, as designated in Section 13.17.020, provided that the tax exemptions under this subsection shall not become available in the neighborhood commercial nodes until a comprehensive review and update of the design standards for projects which include residential development in those commercial areas is completed;

3. The applicant must commit to renting or selling at least twenty percent of the multifamily housing units as affordable housing units to low and moderate-income households whose income is no more than 70 percent of the Pierce County Area family median income respectively, and the property must satisfy that commitment and any additional affordability and income eligibility conditions adopted by the local government City 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;

4. Projects in Neighborhood Commercial Nodes along Transit & Existing Mid-Scale Residential on Corridors, which are located on a corner, must include at least 30 percent of the first floor space as commercial space, built per commercial building code and subject to the design standards of the applicable zoning district.

G. Twenty-year exemption Project Eligibility. A proposed project must meet the following requirements for consideration for a 20-year property tax exemption:

1. Applications accepted through December 31, 2031;

2. All requirements set forth in subsection E above; and

3. Must be located in a residential target area, as designated in Section 13.17.020.

4. Projects in Neighborhood Commercial Nodes along Transit & Existing Mid-Scale Residential on Corridors, which are located on a corner, must include at least 30 percent of the first floor space as commercial space, built per commercial building code and subject to the design standards of the applicable zoning district.

5. Provide 25 dwelling units or more per gross acre.



6. At least 25 percent of the units must be built by or sold to a qualified nonprofit or local government that will assure permanent affordable homeownership to households earning 70 percent Pierce County family median income or less.

a. In the case of projects intended exclusively for owner occupancy, households may earn up to 80 percent of the Pierce County family median income

7. For purposes of this section, "permanently affordable homeownership" means homeownership that, in addition to meeting the definition of "affordable housing" in RCW 43.185A.010, is:

a. Sponsored by a nonprofit organization or governmental entity;

b. Subject to a ground lease or deed restriction that includes:

(1) A resale restriction designed to provide affordability for future low and moderate-income homebuyers;

(2) A right of first refusal for the sponsor organization to purchase the home at resale; and

(3) A requirement that the sponsor must approve any refinancing, including home equity lines of credit; and

c. Sponsored by a nonprofit organization or governmental entity and the sponsor organization:

(1) Executes a new ground lease or deed restriction with a duration of at least 99 years at the initial sale and with each successive sale; and

(2) Supports homeowners and enforces the ground lease or deed restriction.

HG. Extension for projects receiving an initial eight-year or 12-year exemption. Any project receiving an eight or 12 year extension may apply for a subsequent 12-year extension in exchange for continued or increased income restrictions on affordable units; and

1. Application must be received within 18 months of expiration of current exemption.

2. At least 20 percent of the housing must be occupied by households earning no more than 70 percent of the Pierce County family median income.

3. Conversion from market rate to affordable units must comply with the procedures outlined in the City's policies and procedures.

4. Applicants must provide notice to tenants in rent-restricted units at the end of the tenth and eleventh years of the continued 12-year exemption that the exemption will expire and the landlord will provide relocation assistance.

5. Landlords must provide one month's rent as relocation assistance to a qualified tenant in their final month when affordability requirements no longer apply, even when the affordable rent period extends beyond the expiration of the tax exemption.

6. New extensions are not permitted on or after January 1, 2046.

a. In the case of projects intended exclusively for owner occupancy, households may earn up to 80 percent of the Pierce County family median income.

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

1. Submit an application to the City and pay the required application fee. File with the Community and Economic Development Department the required application along with the required fees. The application fee to the City shall be \$1,000 for four units, plus \$100 per additional multi-family unit, up to a maximum total fee to the City of \$5,000. If the application shall result in a denial by the City, 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 Tacoma application ~~form~~ setting forth the grounds for the exemption;
- b. Preliminary floor and site plans of the proposed project;
- c. A statement acknowledging the potential tax liability when the project ceases to be eligible under this chapter;
- d. For rehabilitation projects and for new development on property upon which an occupied residential rental structure previously stood, the applicant shall also submit an affidavit that each existing household was sent a ~~120~~90 days move notice and that each household was provided housing of comparable size, quality, and price.
- e. For any household being provided a ~~120~~90-days move notice that qualifies as a low-income household, the applicant will also submit an affidavit that moving expenses according to the current Department of Transportation Fixed Residential Moving Costs Schedule have been or will be provided.
- f. In addition, for rehabilitation projects, the applicant shall secure from the City verification of the property's noncompliance with the City's Minimum Building and Structures code, 2.01.
- g. Verification by oath or affirmation of the information submitted.

~~J.H.~~ Application Review and Issuance of Conditional Certificate. The Director may certify as eligible an application which 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 resolution of the City Council regarding the terms and conditions of the project. Such contract shall require the applicant to comply with the City's Nuisance Code, Chapter 8.30, for the property at issue. Upon Council approval of the contract, the Director shall issue a Conditional Certificate of Acceptance of Tax Exemption. The Conditional Certificate expires three years from the date of approval unless an extension is granted as provided in this chapter.

2. Denial. 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.

~~K.I.~~ 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 \$50.00 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 owner;
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 applicant and the City will be satisfied upon completion of the project.

~~L.J.~~ 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 and Economic Development Department the following:

1. The total number and type of units produced.
2. The number, size, and type of units produced meeting affordable housing requirements.



3. The development cost of each unit produced.

4. The total monthly rent or total sale amount of each unit produced, affordable and market rent.

5. The annual income and household size of each renter household for each of the affordable units.

6. A statement of expenditures made with respect to each multi-family housing unit 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; and

3. A statement that the work was completed within the required three-year period or any authorized extension.

4. If applicable, A statement that the project meets the affordable housing requirements as described in subsection EF above.

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

MK. Issuance of Final Certificate. If 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, within ten days, file a Final Certificate of Tax Exemption with the Pierce County Assessor.

1. Denial and Appeal. 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 authenticated time period;

b. The improvements were not completed in accordance with the contract between the applicant and the City; or

c. The owner's property is otherwise not qualified under this chapter.

2. Within 14 days of receipt of the Director's denial of a Final Certificate, the applicant may file an appeal with the City's Hearing Examiner, as provided in Section 1.23.070 of the Tacoma Municipal Code. The applicant may appeal the Hearing Examiner's decision in Pierce County Superior Court, if the appeal is filed within 30 days of receiving notice of that decision.

NL. Annual Compliance Review. Within 30 days after the first anniversary of the date of filing the Final Certificate of Tax Exemption, Annually, when requested by the Department of Community and Economic Development, and each year thereafter, for a period of eight, or twelve years or twenty years, the property owner shall file a notarized declaration with the Director indicating the following:

1. The number, size, and type of each unit, market rate and affordable.

2. The total monthly rent each unit, affordable and market rent.

3. For projects receiving a 12 year exemption, the annual income and household size of each renter household for each of the affordable units. A statement of occupancy and vacancy of the multi-family units during the previous year;

2. A certification that the property continues to be in compliance with the contract with the City; and, if applicable, a certification of affordability based on documentation that the property is in compliance with the affordable housing requirements as described in section 6.A.110.020, EF;

4. 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 canceled.

OM. 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 noncompliance has been determined. If the owner intends to convert the multi-family housing to another use, the owner must notify the Director and the Pierce 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 Pierce County Assessor may impose an additional tax on the property, together with interest and penalty, and a priority lien may be placed on the land, pursuant to State legislative provisions.

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 Hearing Examiner will conduct a hearing at which all affected parties may be heard and all competent evidence received. The Hearing Examiner will affirm, modify, or repeal the decision to cancel the exemption based on the evidence received. An aggrieved party may appeal the Hearing Examiner's decision to the Pierce County Superior Court.

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## EXHIBIT "B"

### Chapter 13.17

#### ~~Mixed-Use Center Development~~ RESIDENTIAL TARGET AREAS

\* \* \*

#### Sections:

13.17.010 *Repealed.*

13.17.020 Residential target area designation and standards.

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

#### **13.17.010 *Repealed by Ord. 28613.* Definitions.**

*Relocated to 13.01.170.*

#### **13.17.020 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. As outlined in subsection C below, the target area is located within a designated mixed-use center, a designated Neighborhood Commercial Node along Transit, an Existing Mid-Scale Residential on Corridors, or a site that is approved by the City Council for a Development Regulatory Agreement meeting the provisions of TMC 13.05.050.B.6 and also approved by the City Council as a residential target area;

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 residential target area~~ if desirable, 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; or

b. Stimulate the construction of new multi-family housing and the rehabilitation of existing vacant and underutilized buildings for multi-family housing.

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 a significant increase in the number of permanent residents; whether an increased residential population will help alleviate detrimental conditions and social liability 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.

##### B. Target Area Standards and Guidelines.

For each designated residential target area, the City Council shall adopt basic requirements for both new construction and rehabilitation supported by the City's property tax exemption for multi-family housing program, including the application procedures specified in Section 6A.110.020. The City Council may also adopt guidelines including the following:

1. Requirements that address demolition of existing structures and site utilization; and



2. Building requirements that may include elements addressing parking, height, density, environmental impact, 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.

1. The proposed boundaries of the “residential target areas” ~~are~~ include the boundaries of the 16 mixed-use centers listed below and as indicated on the Mixed-use Centers Map of the Comprehensive Plan and in the Comprehensive Plan legal descriptions which are incorporated herein by reference and on file in the City Clerk’s Office.

The designated target areas do not include those areas within the boundary of the University of Washington Tacoma campus facilities master plan (per RCW 84.14.060).

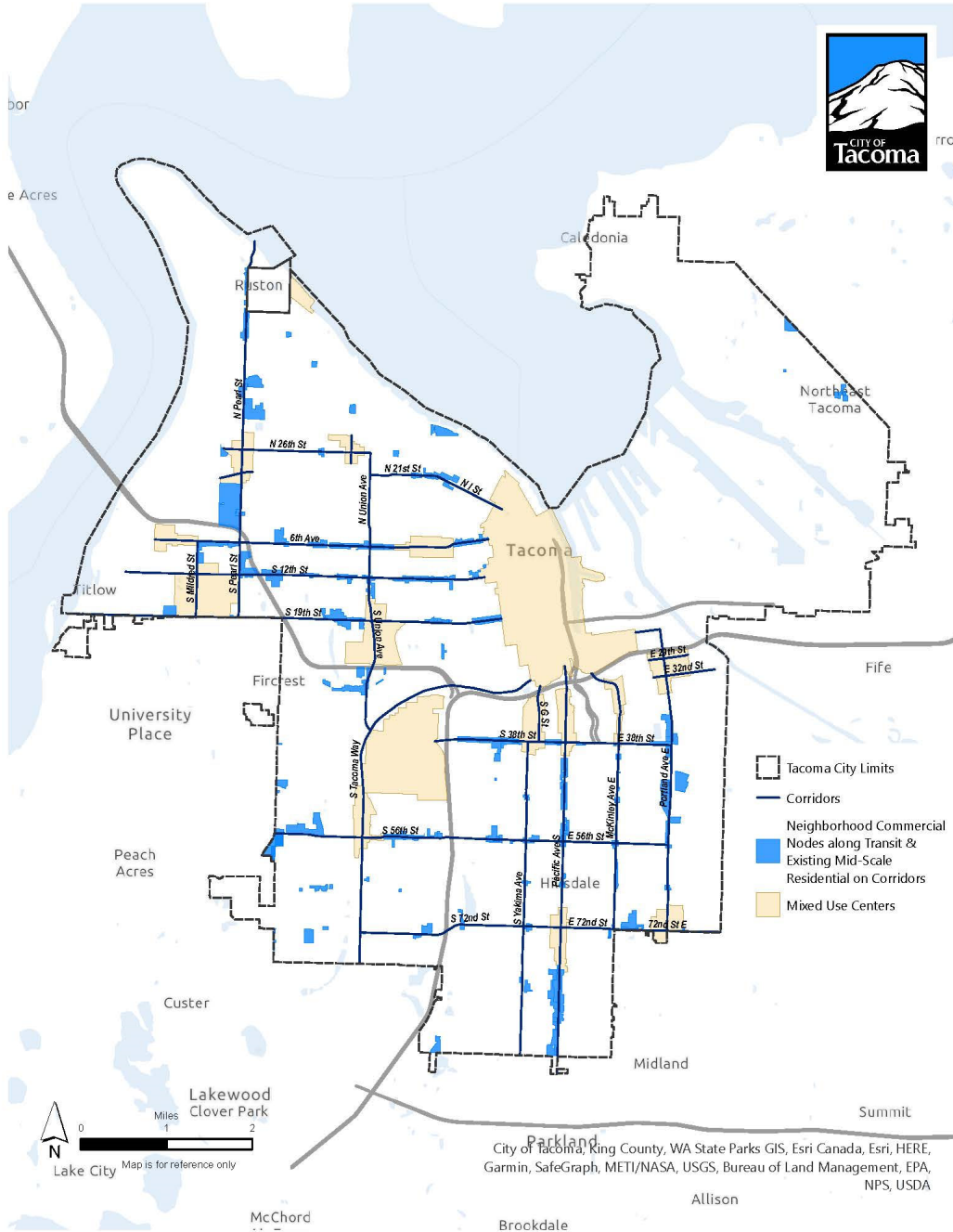
MIXED-USE CENTER	CENTER TYPE	ORIGINALLY ADOPTED
South Tacoma Way	Neighborhood	November 21, 1995
Downtown Tacoma (including Stadium and Hilltop)	Regional Growth Center	November 21, 1995
Proctor	Neighborhood	November 21, 1995
Tacoma Mall	Regional Growth Center	November 21, 1995
Westgate	Crossroads	November 21, 1995
Lincoln	Neighborhood	November 21, 1995
6th Avenue	Neighborhood	November 21, 1995
Tacoma Central	Crossroads	November 21, 1995
Upper Pacific	Crossroads	November 21, 1995
Upper Portland Avenue	Crossroads	November 21, 1995
James Center	Crossroads	November 21, 1995
Lower Portland Avenue	Crossroads	January 16, 1996
Lower Pacific	Crossroads	December 11, 2007
McKinley	Neighborhood	December 11, 2007
Narrows	Neighborhood	December 11, 2007
Point Ruston	Crossroads	July 1, 2014

2. Designated Neighborhood Commercial Nodes along Transit outlined in the map below.



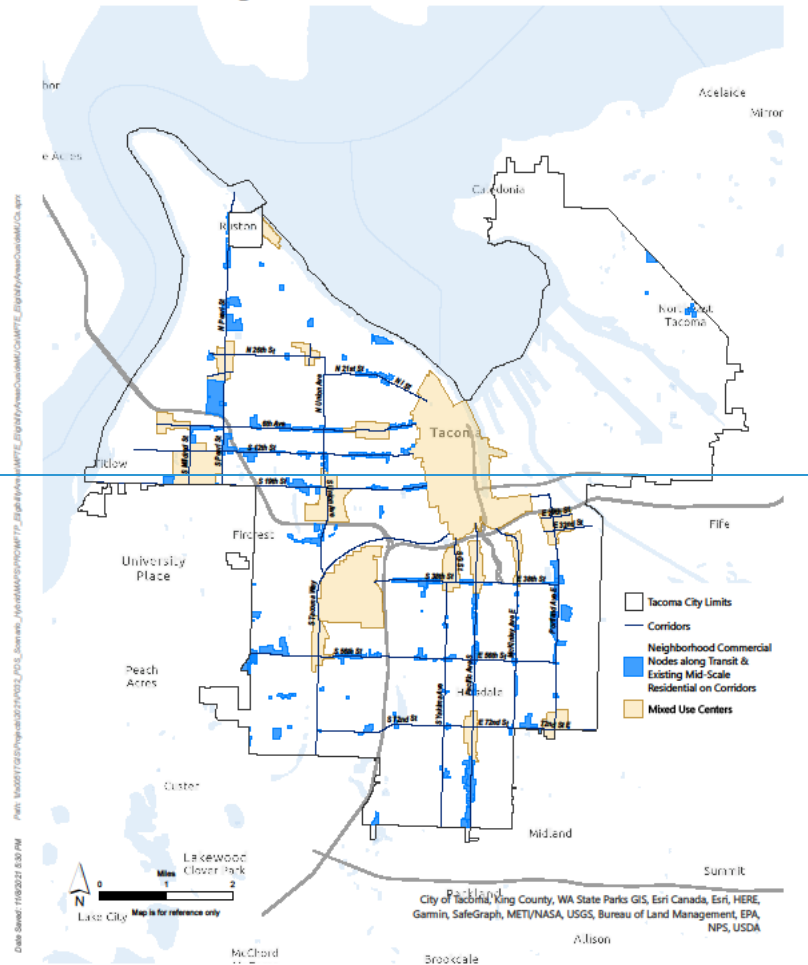
3. Existing Mid-Scale Residential on Corridors as outlined in the map below.

## Residential Target Areas





## Residential Target Areas



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

A. The application, review, and decision guidelines and procedures for multi-family housing property tax exemptions are contained in TMC Title 6, Tax and License Code, Section 6A.110.

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