

ORDINANCE NO. XXXX
CITY OF SUMNER, WASHINGTON

AN ORDINANCE EXPANDING THE MULTIFAMILY PROPERTY TAX EXEMPTION (MFTE) RESIDENTIAL TARGET AREA TO INCLUDE THE ENTIRE BOUNDARY OF THE EAST SUMNER NEIGHBORHOOD AND ELIMINATING THE 8-YEAR MFTE OPTION FOR THE TOWN CENTER IN ORDER TO PROMOTE THE DEVELOPMENT OF AFFORDABLE HOUSING FOR LOW AND MODERATE INCOME HOUSEHOLDS.

WHEREAS, the City Council approved the City of Sumner 2021 Housing Action Plan which contained 14 actions for promoting affordable housing; and

WHEREAS, the East Sumner Neighborhood Plan contains properties zoned for multifamily development that offer an opportunity for substantial new residential development at 25-40 dwelling units per acre; and

WHEREAS, in 2021 the City of Sumner Multifamily Tax Exemption program was expanded beyond the Town Center to facilitate the development of affordable housing; and City of Sumner places significant value on walkability and connectivity in the downtown; and

WHEREAS, the City of Sumner is required to update the Sumner Comprehensive Plan, and to implement the affordable housing requirements of the Growth Management Act, RCW 36.70A; and

WHEREAS, the City of Sumner hereby expands the Multifamily Tax Exemption residential target area in East Sumner Neighborhood to include the entire boundary of the East Sumner Neighborhood planning area for multifamily housing; and

WHEREAS, the Town Center has seen success with development of multifamily housing utilizing the 8-year market rate rent option and will further benefit from a MFTE that is only available for the 12-year affordable housing option; and

WHEREAS, in order to justify the tax abatement program, it is appropriate that the residential development, to which the tax abatement program would apply, establish a long term benefit to the City; and

WHEREAS, the residential development to which the tax abatement program would apply should also reflect a minimum investment; and

WHEREAS, the proposed regulations provide a benefit, based on research of surrounding jurisdictions, interviews with developers, and real estate professionals and community input; and

WHEREAS, the City has completed a public process including a public hearing with the City Council on March 3, 2025.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SUMNER, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. That section 3.52.040, paragraph A. “Terms of the Tax Exemption” of the Sumner Municipal Code is hereby amended to read as follows:

3.52.040 Terms of the tax exemption.

A. Duration of Exemption. The value of new housing construction, conversion, and rehabilitation improvements qualifying under this chapter is exempt from ad valorem property taxation, as follows:

1. For properties for which applications for certificates of tax exemption eligibility are submitted under this chapter, the value is exempt:

~~a. For eight successive years beginning January 1st of the year immediately following the calendar year of issuance of the certificate; or~~

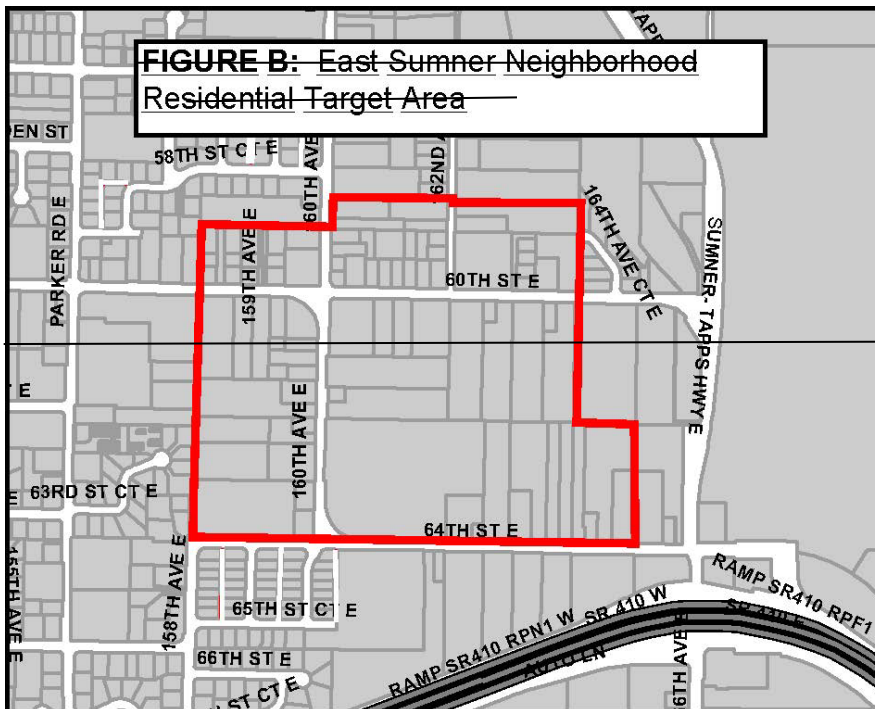
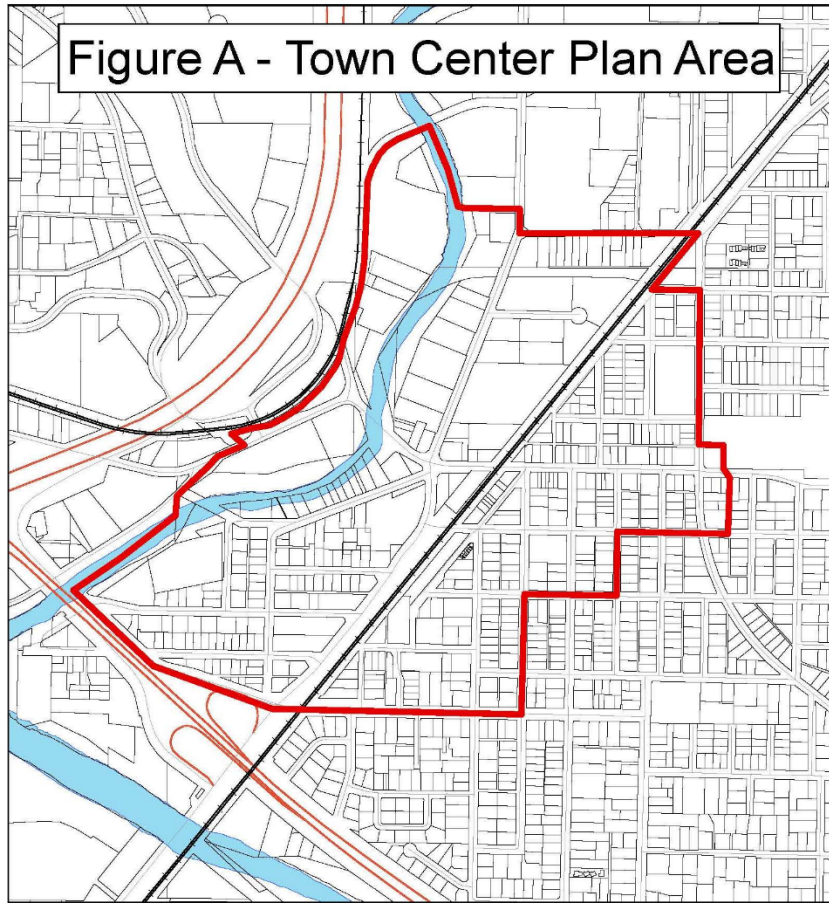
~~b. For 12 successive years beginning January 1st of the year immediately following the calendar year of issuance of the certificate, if the property otherwise qualifies for the exemption under this chapter and meets the conditions in this subsection (A)(1)(b)(a).~~ For the property to qualify for the 12-year exemption under this subsection, the applicant must commit to renting or selling at least 20 percent of the multifamily housing units as affordable housing units to low- and moderate-income households, and the property must satisfy that commitment and any additional affordability and income eligibility conditions adopted by the local government under this chapter. In the case of projects intended exclusively for owner occupancy, the minimum requirement of this subsection (A)(1)(b)(a) may be satisfied solely through housing affordable to moderate-income households.

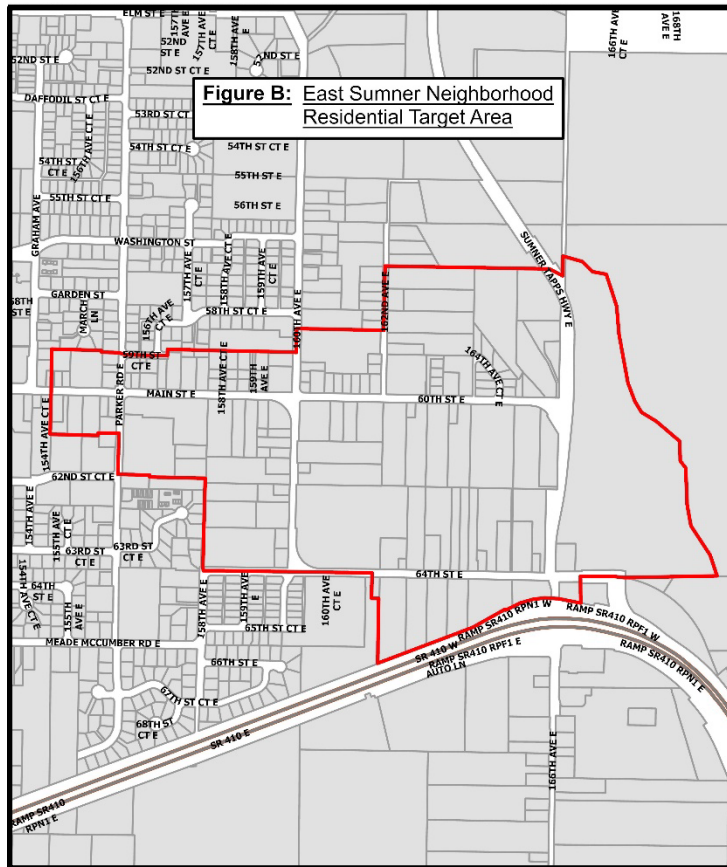
Section 2. That section 3.52.050 “Project Eligibility” of the Sumner Municipal Code is hereby amended to read as follows:

“3.52.050 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 SMC 3.52.020 and as set forth in Figures A and B.





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 50 percent of the space for permanent residential occupancy. The project, whether new, converted, or rehabilitated multiple-unit housing, must include at least 12 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 12 months or more, the multifamily housing project must also provide for a minimum of four additional multifamily units for a total project of at least 10 units including the four additional units. Existing multifamily housing that has been vacant for 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 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.

~~G. Properties located within the residential target area as shown in section (A), Figure B, East Sumner Neighborhood, shall only be eligible for the 12-year duration of exemption as set forth in SMC 3.52.040(A)(1)(b).~~

Section 3. Corrections by City Clerk or Code Reviser. Upon approval of the City Attorney, the City Clerk and the Code Reviser are authorized to make the necessary corrections to this ordinance, including the correction of clerical errors; ordinance, section, or subsection numbering; or references to other local, state, or federal laws, codes, rules, or regulations.

Section 4. Severability – Construction. If a section, subsection, paragraph, sentence, clause, or phrase of this ordinance is declared unconstitutional or invalid for any reason by any court of competent jurisdiction; such decision shall not affect the validity of the remaining portions of this ordinance. If the provisions of this ordinance are found to be inconsistent with other provisions of the Sumner Municipal Code, the provisions of this ordinance shall control.

Section 5. Effective Date. This ordinance shall be in full force and effect five (5) days from and after its passage, approval and publication, as provided by law.

Passed by the City Council and approved by the Mayor of the City of Sumner, Washington, at a regular meeting thereof this _____ day of, _____, 2024.

Mayor Kathy Hayden

ATTEST:

APPROVED AS TO FORM:

City Clerk Michelle Converse

City Attorney Andrea Marquez

First Reading: 3/3/2025
Date Adopted:
Date of Publication:
Effective Date: