

AN ORDINANCE OF THE CITY OF OLYMPIA, WASHINGTON, AMENDING OLYMPIA MUNICIPAL CODE CHAPTER 5.86 RELATING TO MULTI-FAMILY DWELLING TAX EXEMPTIONS

WHEREAS, the City has a recognized housing shortage that is deeply impacting many residents of the community; the City's Housing Action Plan includes provisions to incentivize development, specifically multi-family housing to help address density and also meet the City's climate goals; and

WHEREAS, state law allows municipalities to offer property tax exemptions for certain multi-family housing projects in designated areas through a Multi-Family Tax Exemption Program; by providing such tax exemptions, the costs of building multi-family housing project may be reduced and developers may be incentivized to build such projects; and

WHEREAS, the City has operated a Multi-Family Tax Exemption program since 1997 and the current programs since 2009, 19 projects representing 784 units have received a tax exemption through the Program; and

WHEREAS, given the success of the City's Multi-Family Tax Exemption Program, and the significant need for more multi-family housing within the City, the City Council wishes to expand the availability of Multi-Family Tax Exemptions and make other changes to the program to create more incentives for developers to build multi-family housing within the City; and

WHEREAS, under RCW 84.14.040 and OMC 5.86.020, the City Council may designate areas of the City as Residential Targeted Areas for purposes of multi-family tax exemption under RCW chapter 84.14 and OMC Chapter 5.86; and

WHEREAS, the City Council previously designated certain areas of the City as Residential Target Areas, including a certain area designated as Eastside Residential Target Area (Area 2) and a certain area designated as Westside Residential Target Area (Area 3); those Residential Target Areas are described in OMC 5.06.030.B; and

WHEREAS, the City Council intends to designate certain additional areas of the City as Residential Targeted Areas, including additional area to be included in the Eastside Residential Target Area and the Westside Residential Target Areas, and three new neighborhood center Residential Target Areas: the Boulevard Road Neighborhood Center Target Area the San Francisco Street Neighborhood Center Target Area, the Division Street Neighborhood Target Area, and the 18th Avenue Neighborhood Center Target Area; and

WHEREAS, prior to designating an area as a Residential Targeted Area, the City Council must, pursuant to RCW 84.14.040 and OMC 5.86.020, provide notice of its intent to do so and hold a public hearing on such proposed designation; and

WHEREAS, the City provided notice of the November 14, 2023 public hearing to review the proposed ordinance change on both November 1, 2023 and November 7, 2023; and

WHEREAS, under RCW 84.14.040(6), the City Council has the authority to adopt and implement requirements applicable to the City's Multi-Family Tax Exemption Program more stringent than those in state law, which

could include adoption and implementation of a requirement that a number of units in a project to be dedicated for rental to low-income households as affordable housing; however, in lieu exercising this authority, the City Council is instead adopting and implementing a requirement that a fee in lieu of provision of units of affordable housing be paid to the City to support the City's affordable housing programs; and

WHEREAS, the City is positioning the Multi-Family Tax Exemption to best address affordable housing by requiring a fee in lieu for any project that opts out of affordable housing development that will generate funds for future affordable housing projects;

NOW, THEREFORE, THE OLYMPIA CITY COUNCIL ORDAINS AS FOLLOWS:

Section 1. Amendment of OMC 5.86. Olympia Municipal Code Chapter 5.86 is hereby amended to read as follows:

Chapter 5.86
MULTI-FAMILY DWELLING TAX EXEMPTIONS

5.86.000 Chapter Contents

Sections:

- [5.86.010](#) Definitions.
- [5.86.020](#) Residential target area, hearing on resolution.
- [5.86.030](#) Residential target area designation and standards.
- [5.86.040](#) Tax exemption for multi-family housing in residential target areas authorized.
- [5.86.050](#) Project eligibility.
- [5.86.060](#) Application procedure.
- [5.86.070](#) Application review and issuance of conditional certificate.
- [5.86.080](#) Extension of conditional certificate.
- [5.86.090](#) Application for final certificate.
- [5.86.100](#) Issuance of final certificate.
- [5.86.110](#) Annual compliance review.
- [5.86.120](#) Cancellation of tax exemption.

5.86.010 Definitions

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

- A. "Multi-family housing" means building(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 to multi-family housing.
- B. "Owner" means the property owner of record.

C. "Urban center" means a compact identifiable district where urban residents may obtain a variety of products and services. Neighborhood centers designated in the Olympia Comprehensive Plan are included in this definition of urban centers. An urban center must contain:

- a. Several existing or previous, or both, business establishments, ~~that may include including but are not limited to~~ shops, offices, banks, restaurants, and governmental agencies;
- b. Adequate public facilities, including streets, sidewalks, lighting, transit, domestic water, and sanitary sewer systems; and
- c. A mixture of uses and activities, ~~that may include including~~ housing, recreating, and cultural activities in association with either commercial or office, or both, use.

D. "Director" means the Director of the City of Olympia Community Planning and Development Department or other city official designated by the City Manager to carry out this chapter.

E. "Permanent residential occupancy" means multi-unit 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 month. This excludes hotels and motels that predominately offer rental accommodation on a daily or weekly basis and excludes short-term rentals, as defined in OMC 18.02.180.D.

F. "Rehabilitation improvements" means modifications to existing structures that are vacant for ~~twelve (12)~~ months or longer, or modification to existing occupied structures, which convert nonresidential space to residential space and/or increase the number of multi-family housing units (or both).

G. "Residential target 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.

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~~ 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.

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

J. "Low-income household" means a single person, a 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~~ Thurston County, 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 percent of the median family income adjusted for family size, for the county where the project is located.~~

K. "Moderate-income household" means a single person, a 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~~ Thurston County, 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 percent, but at or below one hundred fifty percent, of the median family income adjusted for family size, for the county where the project is located.~~

5.86.020 Residential target area, hearing on resolution

A. For the purpose of designating a residential targeted area or areas, the City Council may adopt a resolution of intention to designate an area described in the resolution. The resolution must state the time and place of a hearing to be held by the City Council to consider the designation of the area and may include such other information pertaining to the designation of the area as the City Council determines to be appropriate to apprise the public of the action intended.

B. The City Council shall ~~give-cause~~ notice of a hearing held under this ordinance ~~to be given~~ by publication of the notice once each week for two consecutive weeks, not less than seven days, nor more than ~~thirty-30~~ days before the date of the hearing in a paper having a general circulation in the city. The notice must state the time, date, place, and purpose of the hearing and generally identify the area proposed to be designated as a residential targeted area.

5.86.030 Residential target area designation and standards

A. Criteria. Following a public hearing, with notice given by resolution pursuant to RCW [84.14.040](#), 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. The target area is located within an urban center;
2. The target area lacks sufficient available, desirable, and convenient residential housing, including affordable housing, to meet the needs of the public who would likely live in the urban center if affordable, desirable, attractive, and livable places were available; and
3. The providing of additional housing opportunity, including affordable housing, 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 under-utilized 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, including the application process and procedures. These requirements may include 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, and compatibility with the existing surrounding property and such other amenities as will attract and keep permanent residents and that will properly enhance the livability of the residential targeted area in which they are to be located.

C. Designated Residential Target Areas. Seven residential target areas are designated, as shown in Figure 5 -1 and further described in this subsection.

Area 1 - Downtown Residential Target Area

All of that portion of the City of Olympia, Washington described as beginning at the intersection of the East shoreline of Capitol Lake with the Westerly extension of centerline of 15th Ave extended Westerly; thence Easterly along said centerline and its extension to the centerline of Capitol Way; thence southerly along said centerline to the centerline of 16th Ave.; thence Easterly along said centerline and its extension to the Northwesterly boundary line of Interstate 5; thence Northeasterly along said line to its intersection with the centerline of Eastside St. thence Northerly along said centerline to the centerline of State Ave.; thence Westerly along said centerline to the centerline of East Bay Dr.; thence Northerly along said centerline of East Bay Dr. to Olympia Ave; thence Westerly along said centerline to the centerline of Indian/Moxlie Creek Culvert; thence Northerly along said creek centerline to the shoreline of Budd Inlet; thence along said shoreline and the shoreline of Capitol Lake to the point of beginning; EXCEPTING THEREFROM that area lying Westerly of Water Street and Northerly of 5th Ave and Southerly of Budd Inlet.

Area 2 - Eastside Residential Target Area

All properties located along State Ave. and 4th Ave. which are bounded by Eastside St. on the West and Sawyer St. on the East; said area limited to a half block North of State Ave. west of Wilson St. and to south of State Ave. between Wilson and Sawyer Streets; and limited to a half block south of 4th Ave. west of Frederick St. and to north of 4th Ave. between Frederick St. and Sawyer St.; ALSO all properties located North of State Ave between East Bay drive and Eastside St. and South of Olympia Ave.; EXCEPTING THEREFROM the North half of the block which lies between Pear Street and Quince St., and Olympia Ave. and State St.; ALSO EXCEPTING THEREFROM the three lots located at the Southwest corner of Eastside St. and Olympia Ave.; ALSO all properties ~~on the east side~~ of Sawyer St. and west of Chambers St. between ~~4th Pacific~~ and State Avenues, and all properties ~~with in the HDC-4, GC, and MHP zoning districts frontage on 4th Ave. and Martin Way east of Sawyer Ave. Chambers St., north of Pacific Ave, and west of Lilly Road;~~ ALSO all properties east of Boulevard Rd., south of Pacific Ave. and north of Interstate 5 that are within the HDC-3, HDC-4, GC and RM-18 zoning districts. and west of Lilly Road; EXCEPTING THEREFROM ~~properties between Pattison St. and Mary Elder Rd. that extend northerly more than 250 feet from the northern boundary of Martin Way.~~

Area 3 - Westside Residential Target Area

All properties located along Harrison Avenue which ~~is-are~~ currently bounded by: Cushing Street on the west; Foote Street on the east; extending only two lots deep both north and south of Harrison Avenue. Also included is the third lot north, located at the northeast corner of Harrison Avenue and Milroy Street; the third and fourth lot north, located at the northeast corner of Harrison Avenue and Decatur Street; the third and fourth lots south, located at the southwest corner of Harrison Avenue and Decatur Street; and the block bounded by Perry Street on the west, Garfield Street on the north, Plymouth Street on the east and Harrison Avenue on the south; EXCEPT any portion lying within Woodruff Park. ALSO, all properties within the HDC-3 zoning district west of Cushing St. and east of Division St.; ALSO, all properties within the HDC-3 and HDC-4 zoning districts north of Harrison Avenue, west of Division St. and east of Yauger Way; ALSO, all properties in the area bounded by Harrison Avenue, Black Lake Blvd, and Cooper Point Rd.; ALSO, all properties west of Cooper Point Rd., south of Harrison Avenue, and north and east of Yauger Park; ALSO, all properties with frontage on the west side of Cooper Point Rd. south of Capital Mall Drive and north of 12th Avenue, and the property west of Cooper Point Rd. and south of 12th Avenue with frontage on both of those streets; ALSO, all properties within the HDC-4 zoning district east of Black Lake Blvd., north of Cooper Point Rd. and south of 9th Avenue with frontage on Black Lake Blvd., 12th Ct., Parkmont Lane, or 9th Avenue. EXEMPTING THEREFROM the property with frontage on both Black Lake Blvd. and Cooper Point Rd.

Area 4 – Boulevard Road Neighborhood Center Target Area

Lot 3 of Log Cabin Large Lot Subdivision No. LLS 17-4390 OL as recorded February 2, 2018, under Auditor’s File No. 4609770, records of Thurston County, Washington.

Area 5 – San Francisco Street Neighborhood Center Target Area

The area south of Pioneer Avenue, west of Garrison Street, north of San Francisco Street, and east of Bethel Street; ALSO, the properties with frontage on Bethel Street that are south of Pioneer Avenue and north of San Francisco Street.

Area 6 – Division Street Neighborhood Center Target Area

The area south of Burbank Avenue, west of Division Street, north of 20th Avenue, and east of East End Street; ALSO, the property with frontage on both the east side of Division Street and the north side of 20th Avenue; ALSO, the properties fronting the north side of 20th Avenue that are within 250 feet west of East End Street, and the properties fronting on East End Street that are within 650 feet north of 20th Avenue.

Area 7 – 18th Avenue Neighborhood Center Target Area

The area west of Fones Road, north of 18th Avenue, and east of Ontario Street that is within 300 feet north of 18th Avenue; ALSO, the area east of Fones Road, north of 18th Avenue, and west of Elizabeth Street that is within 375 feet north of 18th Avenue.

5.86.040 Tax exemptions for multi-family housing in residential target areas authorized

A. Duration of Exemption. ~~For any properties~~property for which an application for a certificate of tax exemption eligibility ~~are~~is submitted under Chapter 84.14 RCW, ~~the~~ the value of improvements qualifying under this chapter ~~will-be~~is exempt from ad valorem property taxation, as follows:

1. For properties for which applications for certificates of tax exemption eligibility are submitted under Chapter ~~84.14~~ RCW before the effective date of Chapter 430, Laws of 2007, the value is exempt for ten (10) successive years beginning January 1 of the year immediately following the calendar year after issuance of the Final Certificate of Tax Exemption.

2. For properties for which applications for certificates of tax exemption eligibility are submitted under Chapter ~~84.14~~ RCW on or after the effective date of Chapter 430, Laws of 2007, the value is exempt: ~~a.1.~~ For eight successive years beginning January 1st of the year immediately following the calendar year of issuance of the certificate; ~~or~~

~~a.~~ For a property in Area 1-Downtown Residential Target Area and Area 2-Eastside Residential Target Area, the owner shall pay five percent of the full ad valorem tax exemption to the City to serve as a fee in lieu of affordable housing units. The City shall allocate all funds paid under this sub-subsection to future affordable housing projects as determined by the City. Funds must serve low-income households. The owner shall pay such fee to the City in two installments, as follows: Prior to execution of the contract with the City required by OMC 5.86.070 B, the owner shall pay 50 percent of the estimated fee, determined based on estimated value of tax exemption; prior to issuance of the certificate of occupancy, the owner shall pay 100 percent of the actual fee, determined based on the actual value of the tax exemption, less the amount paid as the first installment.

~~b.~~ For a property in Area 3-Westside Residential Target Area, the owner shall pay 25 percent of the estimated full ad valorem tax exemption to the City to serve as a fee in lieu of affordable housing units. The City shall allocate all funds paid under this sub-subsection to future affordable housing projects as determined by the City. Funds must serve low-income households. The owner shall pay such fee to the City in two installments, as follows: Prior to execution of the contract with the City required by OMC 5.86.070 B, the owner shall pay 50 percent of the estimated fee, determined based on estimated value of tax exemption; prior to issuance of the certificate of occupancy, the owner shall pay 100 percent of the actual fee, determined based on the actual value of the tax exemption, less the amount paid as the first installment.

~~b.2.~~ For ~~twelve~~ 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 chapter ~~84.14~~ RCW and meets the conditions in this subsection. For the property to qualify for the ~~twelve~~ 12-year exemption under this subsection, the applicant must: ~~commit and agree to renting rent or selling at least twenty~~ 100 percent of the multi-family housing units as affordable housing units to low ~~and moderate~~ income households; ~~commit and agree to continue to address the displacement of low income residents by increasing rent no more than seven percent per year for a period of five years following expiration of the 12-year exemption period;~~ and ~~the property must satisfy that commitment and~~ any additional affordability and income eligibility conditions adopted by the City. 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.~~ units must also be sold to low-income households.

~~e.3.~~ For 20 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 chapter ~~84.14~~ RCW and meets the conditions in this subsection. For the property to qualify for the 20-year

exemption under this subsection, the applicant must commit to selling 100 percent of the units as affordable housing to low-income households and the property must satisfy that commitment and any additional affordability and income eligibility conditions adopted by the City. The project must provide 25 dwelling units or more per gross acre. Units must be built by or sold to a qualified nonprofit or local government that will assure permanently affordable homeownership to low-income households.

For purposes of this subsection, "permanently affordable homeownership" means homeownership that, in addition to meeting the definition of "affordable housing" OMC 5.86.010, is:

- a. Subject to a ground lease or deed restriction that includes:
 - i. A resale restriction designed to provide affordability for future low and moderate-income homebuyers;
 - ii. A right of first refusal for the sponsor organization to purchase the home at resale; and
 - iii. A requirement that the sponsor must approve any refinancing, including home equity lines of credit; and
- b. Sponsored by a nonprofit organization or governmental entity and the sponsor organization:
 - i. 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
 - ii. Supports homeowners and enforces the ground lease or deed restriction.

B. Extension of 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; provided that it meets the following criteria:

- a. The property owner shall submit an application to the City no earlier than 18 months nor later than six months of expiration of current exemption.
- b. All of the housing units must be occupied by low-income households.
- c. Conversion from market rate to affordable units must comply with the procedures outlined in the City's policies and procedures.
- d. The property owner must provide notice to each tenant in a 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.
- e. 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.

BC. Limits on Exemption. The exemption does not apply to the value of land or to the value of improvements not qualifying under this ordinance, nor does the exemption apply to increases in assessed valuation of land and nonqualifying 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 ordinance. This chapter does not apply to increases in assessed valuation made by the assessor on nonqualifying portions of building and value of land nor to increases made by lawful order of a county board of equalization, the department of revenue, or a county, to a class of property throughout the county or specific area of the county to achieve the uniformity of assessment or appraisal required by law.

5.86.050 Project eligibility

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

- A. Location. The project must be located within a residential target area as designated in [OMC 5.86.030](#).
- B. Tenant Displacement Prohibited. The project must not displace existing residential tenants of structures that are proposed for redevelopment. Existing dwelling units proposed for rehabilitation must have been unoccupied for a minimum of ~~twelve~~(12) months prior to submission of an application and must have one or more violations of the City's minimum housing code. Applications for new construction cannot be submitted for vacant property upon which an occupied residential rental structure previously stood, unless a minimum of ~~twelve~~(12) months has elapsed from the time of most recent occupancy.
- C. Size. The project must include at least four ~~(4)~~ units of multi-family housing within a residential structure or as part of an urban development. A minimum of four 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.
- D. Proposed Completion Date. New construction multi-family housing and rehabilitation improvements must be completed within three ~~(3)~~ years from the date of approval of the application.
- E. 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. 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.
- F. At least ~~fifty~~ 50 percent ~~(50%)~~ of the space in a new, converted, or rehabilitated multiple unit must be for permanent residential housing. In the case of existing occupied multi-family development, the multi-family housing must also provide for a minimum of four additional multi-family units. Existing multi-family vacant housing that has been vacant for ~~twelve~~ 12 months or more does not have to provide additional units;
- G. The applicant must enter into a contract with City approved by City Council under which the applicant agrees to the implementation of the development on terms and conditions satisfactory to the City Council.

5.86.060 Application procedure

A property owner who ~~wishes to propose~~proposes a project for a tax exemption shall complete the following procedures:

A. ~~Prior to April 1 of any year, file with~~Submit the required application to the Director ~~the required application~~ along with the required fees ~~shown in OMC chapter 4.40. The application fee to the City shall be One Hundred Dollars and No Cents (\$100).~~ A complete application must be submitted, and all required application fees paid, sufficiently in advance of the anticipated date of project completion so that the application can be reviewed and approved, and the contract with the City executed, prior to issuance of the certificate of occupancy. If a property owner receives a certificate of occupancy prior to the Director's approval of an application, or execution of the contract, the property owner is ineligible for the tax exemption.

B. A complete application ~~shall~~must include:

1. A completed City of Olympia 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; and
4. Verification by oath or affirmation of the information submitted.

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 and shall secure from the City verification of property noncompliance with the City's applicable building or housing codes.

5.86.070 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. ~~The Director shall make A-a~~ decision to approve or deny an application ~~shall be made~~ within ~~ninety (90)~~ calendar days of receipt of a complete application.

A. Approval. The Director may approve the application if the Director finds that:

1. A minimum of four new units are being constructed or in the case of occupied rehabilitation or conversion a minimum of four additional multifamily units are being developed;
2. If applicable, the proposed multiunit housing project meets the affordable housing requirements as described in RCW [84.14.020](#);
3. The proposed project is or will be, at the time of completion, in conformance with all local plans and regulations that apply at the time the application is approved;
4. The owner has complied with all standards and guidelines adopted by the city under this ordinance; and
5. The site is located in a residential targeted area of an urban center that has been designated by the City Council in accordance with procedures and guidelines of this ordinance.

B. If an application is approved, the applicant shall enter into a contract with the City, approved by the City Council, regarding the terms and conditions of the project. Upon City Council approval of the contract, the 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.

C. 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 (10)~~ calendar days of the denial. An applicant may appeal a denial to the City Council within ~~thirty (30)~~ calendar days of receipt of notice by filing an appeal with the Director with the a \$100 fee as shown in OMC 4.40. The appeal ~~will be~~ based on the record made by the Director. 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.

5.86.080 Extension of conditional certificate

The Conditional Certificate and time for completion of the project may be extended by the Director for a period not to exceed a total of ~~twenty four (24)~~ consecutive months. The applicant must submit a written request stating the grounds for the extension, accompanied by a ~~Fifty Dollar (\$50)~~ processing fee as shown in OMC 4.40. An extension may be granted if the Director determines that:

- A. The anticipated failure to complete construction or rehabilitation within the required time period is due to circumstances beyond the control of the ~~owner applicant~~;
- B. The ~~owner applicant~~ has been acting and could reasonably be expected to continue to act in good faith and with due diligence; and
- C. All the conditions of the original contract between the applicant and the City will be satisfied upon completion of the project.

5.86.090 Application for final certificate

~~Upon~~ After completion of the improvements agreed upon in the contract between the applicant and the City and ~~upon after~~ 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 Director the following:

- A. A statement of expenditures made with respect to each multi-family housing unit and the total expenditures made with respect to the entire property;
- B. A description of the completed work and a statement of qualification for the exemption; and
- C. If applicable, a statement that the project meets the affordable housing requirements as described in RCW 84.14.020; and
- D. A statement that the work was completed within the required three-year period or any authorized extension.

Within ~~thirty (30)~~ calendar days of receipt of all materials required for a Final Certificate, the Director shall determine whether the specific improvements, and the affordability of the units, satisfy the requirements of the contract, application, and this ordinance.

5.86.100 Issuance of final certificate

If the Director determines that the project has been completed in accordance with this ordinance and the contract between the applicant and the City has been completed within the authorized time period, the City shall, within ~~ten~~(10) calendar days of the expiration of the ~~thirty~~30-day review period above, file a Final Certificate of Tax Exemption with the Thurston County Assessor.

A. Denial and Appeal. The Director shall notify the applicant in writing that a Final Certificate will not be filed if the Director determines that:

1. The improvements were not completed within the authorized time period;
2. The improvements were not completed in accordance with the contract between the applicant and the City; or
3. The ~~owner's~~applicant's property is otherwise not qualified under this chapter.

Within ~~fourteen~~(14) calendar 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 Chapter [18.82](#) of the Olympia Municipal Code upon payment of the required fee. ~~of a \$100 fee.~~ No appeal is provided from the Hearing Examiner to the City Council. The applicant may appeal the Hearing Examiner's decision to the Thurston County Superior Court if the appeal is filed within ~~thirty~~(30) calendar days of the applicant's receiving notice of that decision.

5.86.110 Annual compliance review

Within ~~thirty~~(30) calendar days after the first anniversary of the date of filing the Final Certificate of Tax Exemption and each year thereafter for the tax exemption period, the property owner shall file a notarized declaration with the Director indicating the following:

- A. A statement of occupancy and vacancy of the multi-family units during the previous year;
- B. A certification that the property continues to be in compliance with the contract with the City and this ordinance and, if applicable, that the property has been in compliance with the affordable housing requirements as described in RCW [84.14.020](#) since the date of the approved certificate; and
- C. A description of any subsequent improvements or changes to the property; and
- D. Any additional information requested by the City in regards to the units receiving a tax exemption.

City staff may also conduct on-site verification of the declaration. Failure to submit the annual declaration ~~shall~~ results in a review of the exemption per RCW [84.14.110](#).

5.86.120 Cancellation of tax exemption

If the Director determines the owner is not complying with the terms of the contract or this ordinance, 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 Thurston County Assessor within ~~sixty~~(60) calendar days of the change in use.

A. Effect of Cancellation. If a tax exemption is canceled due to a change in use or other noncompliance, the provisions of RCW [84.14.110\(1\)](#) ~~will~~ apply.

B. Notice and Appeal. Upon determining that a tax exemption is to be canceled, the Director shall notify the property owner by mail, return receipt requested. The property owner may appeal the determination by filing a notice of appeal with the Director within ~~thirty (30)~~ calendar 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 Thurston County Superior Court.

Section 2. Corrections. The City Clerk and codifiers of this Ordinance are authorized to make necessary corrections to this Ordinance, including the correction of scrivener/clerical errors, references, ordinance numbering, section/subsection numbers and any references thereto.

Section 3. Severability. If any provision of this Ordinance or its application to any person or circumstance is held invalid, the remainder of the Ordinance or application of the provisions to other persons or circumstances shall remain unaffected.

Section 4. Ratification. Any act consistent with the authority and prior to the effective date of this Ordinance is hereby ratified and affirmed.

Section 5. Effective Date. This Ordinance takes effect 30 days after passage and publication, as provided by law.

MAYOR

ATTEST:

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY

PASSED:

APPROVED:

PUBLISHED: