

**CITY OF MARYSVILLE  
Marysville, Washington  
ORDINANCE NO. 3194**

**AN ORDINANCE OF THE CITY OF MARYSVILLE, WASHINGTON, AMENDING SECTIONS 3.103.030, 3.103.040, 3.103.070, AND 3.103.150 OF THE MARYSVILLE MUNICIPAL CODE TO EXPAND THE EXISTING RESIDENTIAL TARGETED AREAS AND TO REDUCE THE MINIMUM NUMBER OF UNITS REQUIRED TO QUALIFY FOR THE DOWNTOWN MULTIFAMILY HOUSING PROPERTY TAX EXEMPTION PROGRAM**

**WHEREAS**, Chapter 84.14 RCW provides for exemptions for ad valorem property tax valuation for qualifying multifamily housing located in designated target areas within urban centers; and

**WHEREAS**, Chapter 84.14 RCW authorizes the City to designate target areas and to adopt necessary procedures to implement Chapter 84.14 RCW; and

**WHEREAS**, as authorized by Chapter 84.14 RCW, the City Council adopted Marysville Municipal Code Chapter (MMC) 3.103, the Downtown Multifamily Housing Property Tax Exemption Program on December 8, 2009; and

**WHEREAS**, the purpose of the Downtown Multifamily Housing Property Tax Exemption Program on is to stimulate the creation of new and enhanced residential structures within the city's urban center, benefiting and promoting the public health, safety and welfare by encouraging residential redevelopment, including affordable housing opportunities; and

**WHEREAS**, the City of Marysville has not received a formal application to utilize the Downtown Multifamily Housing Property Tax Exemption Program since the adoption in December 8, 2009; and

**WHEREAS**, the development pattern in the Downtown Area prior to and since the adoption of the program is not consistent with the goals and objectives identified in the City's Downtown Master plan which anticipates much more growth in this area including new multifamily developments on a larger scale; and

**WHEREAS**, the amendments proposed are intended to reduce the threshold requirements of applicants in order to incentivize the use of Downtown Multifamily Housing Property Tax Exemption Program, and to ultimately provide more multifamily housing units within the Downtown Area; and

**WHEREAS**, the Residential Targeted Area has been expanded to coincide with the expanded Downtown Master Plan Boundaries, adopted on September 27, 2021; and

**WHEREAS**, the minimum number of new, converted or rehabilitated multifamily housing to qualify for the program has been reduced from twenty units to ten units; and

**WHEREAS**, during a public meeting on July 13, 2021, the Planning Commission discussed proposed amendments to MMC Sections 3.103.030, 3.103.040, 3.103.070, and 3.103.150; and

**WHEREAS**, the City of Marysville submitted the proposed amendments to MMC Sections 3.103.030, 3.103.040, 3.103.070, and 3.103.150, to the Washington State Department of Commerce on July 19, 2021, as required by RCW 36.70A.106; and

**WHEREAS**, after providing notice to the public as required by law, the Marysville Planning Commission held a Public Hearing on September 14, 2021 regarding the proposed amendments to MMC Sections 3.103.030, 3.103.040, 3.103.070, and 3.103.150; and

**WHEREAS**, the Planning Commission made a Recommendation to the City Council on September 14, 2021 recommending the adoption of the proposed amendments to MMC Sections 3.103.030, 3.103.040, 3.103.070, and 3.103.150; and

**WHEREAS**, at a public meeting on September 27, 2021 the Marysville City Council reviewed and considered the Planning Commission's Recommendation and the proposed amendments to MMC Sections 3.103.030, 3.103.040, 3.103.070, and 3.103.150; and

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

**Section 1.** Section 3.103.030 Definitions, is hereby amended to modify the following definitions read as follows:

**3.103.030 Definitions.**

- (1) "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 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 levels.
- (2) "City" means the city of Marysville, a municipal corporation and political subdivision.
- (3) "Director" means the city of Marysville's director of community development or authorized designee.
- (4) "Household" means a single person, family, or unrelated persons living together.
- (5) "Low-income household" means a single person, family or unrelated persons living together whose adjusted income is at or below 80 percent of the median family income adjusted for family size for Snohomish County as reported by the United States Department of Housing and Urban Development. At such times as the city is a high-cost area, "low-income household" means a household that has an income at or below 100 percent of the median family income adjusted for family size in Snohomish County.
- (6) "Moderate-income household" means a single person, family, or unrelated persons living together whose adjusted income is more than 80 percent but is below 115 percent of the median family income adjusted for family size for Snohomish County as reported by the United States Department of Housing and Urban Development. At such times as the city is a high-cost area, "moderate-income household" means a household that has an income at or above 100 percent of the median family income, adjusted for family size, but is below 115 percent of the median family income, adjusted for family size, for Snohomish County.
- (7) "High-cost area" means a county where the third quarter median house price for the previous year as reported by the Washington Center for Real Estate Research at Washington State University is equal to or greater than 130 percent of the statewide median house price published during the same time period.
- (8) "Owner" means the property owner of record.
- (9) "Multifamily housing" and "multiple-unit housing" are used synonymously in this chapter and mean a building having ~~20~~ ten or more dwelling units not designed or used as transient accommodations, not including hotels and motels and designed for permanent residential occupancy resulting from new construction, rehabilitation or conversion of a vacant, underutilized or substandard building to multifamily housing.
- (10) "Permanent residential occupancy" means multifamily housing that provides either owner-occupant housing or rental accommodations that are leased for a period

of at least one month on a nontransient basis. This excludes accommodations that offer occupancy on a transient basis such as hotels and motels that predominately offer rental accommodations on a daily or weekly basis.

(11) "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 multifamily housing units.

(12) "Residential targeted area" means an area within an urban center, as defined by Chapter 84.14 RCW, and as shown in MMC 3.103.040(1). ~~the area within or coterminous with the city's urban center and downtown study area, generally described as follows:~~

~~The downtown study area for the master plan is located within the larger Downtown Neighborhood, Planning Area 1 of the City's neighborhood planning areas, as defined in the City of Marysville Comprehensive Plan. The study area is bounded by 8th Street to the north, Ebey Slough to the south, Alder Avenue to the east, and I-5 to the west. The Downtown Study Area is approximately 182 acres in size.~~

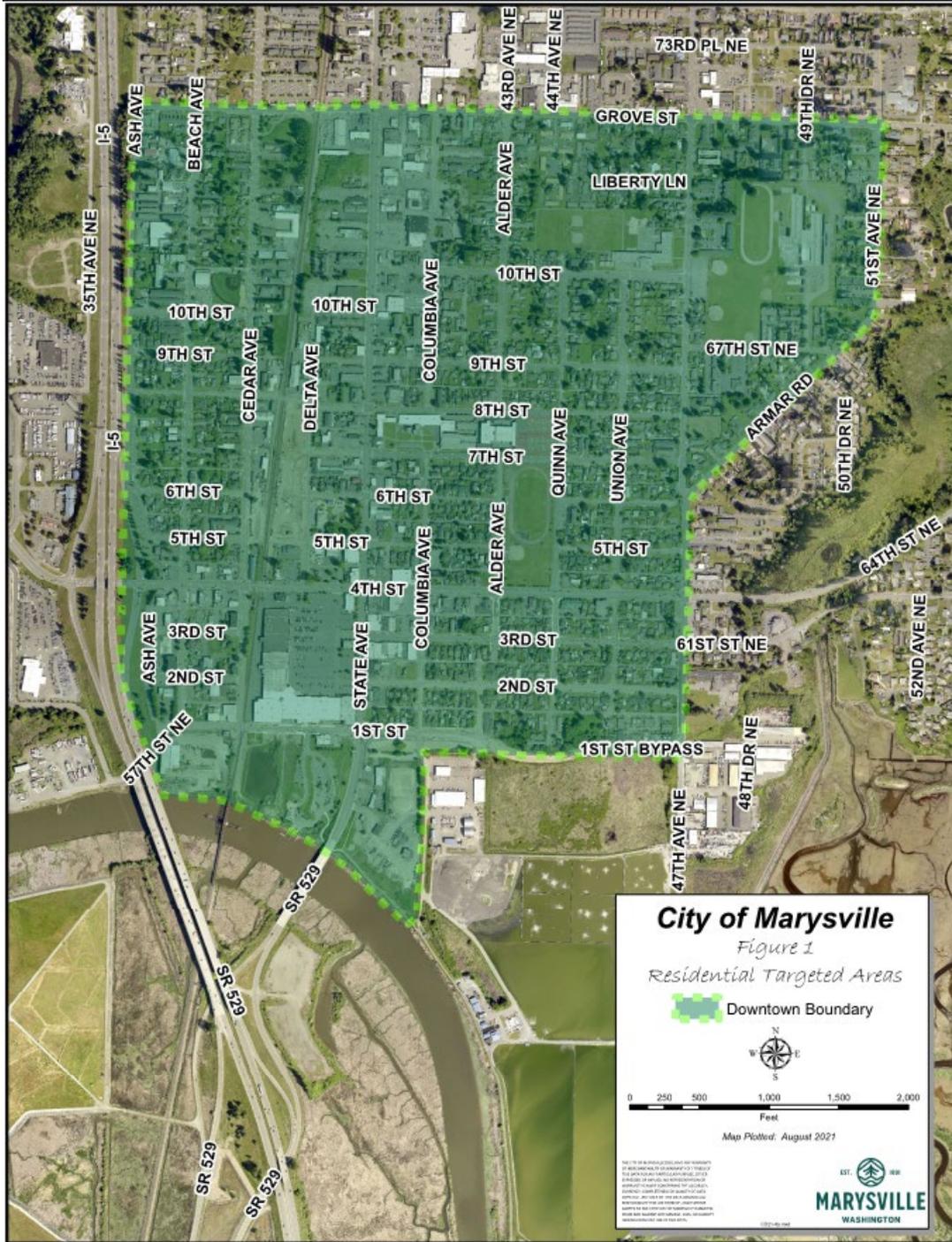
The downtown study area is part of the urban center of the city and has been designated by the city council as the residential targeted area in accordance with this chapter and Chapter [84.14](#) RCW. It has been found by the city council to be lacking sufficient available, convenient, attractive, livable, and desirable residential housing to meet the needs of the public.

(13) "Urban center" means the downtown study area described in MMC [3.103.150](#), where urban residents may obtain a variety of products and services including, but not limited to, shops, offices, banks, restaurants, governmental agencies and a mixture of uses and activities that may include housing, recreation, and cultural activities in association with either commercial or office, or both uses.

**Section 2.** Section 3.103.040 Residential targeted area designation criteria, is hereby amended to add and modify the following subsections to read as follows:

**3.103.040 Residential targeted area designation criteria.**

(1) The following area, as shown in Figure 1 of this section, meets the criteria of this chapter and RCW 84.14.040 for residential targeted areas, and is designated as such:



(2) If a part of any legal lot is within a residential targeted area as shown on Figure 1 in this section, then the entire lot shall be deemed to lie within such residential targeted area.

(3) In addition to the residential targeted areas described and shown in subsection (1) of this section, the City Council may designate additional areas as per RCW 84.14.040 (now or as hereafter amended). Following notice and public hearing, or a continuance thereof, as prescribed in RCW 84.14.040, the city council may, in its sole

~~discretion, designate all of or a portion of the residential targeted area described in the notice of hearing as the residential targeted area.~~

(4) The designated targeted area must meet the following criteria, as found by city council in its sole discretion:

(a~~1~~) The targeted area is located within the urban center as determined by the city council;

(b~~2~~) The targeted area lacks sufficient available, affordable, attractive, convenient, desirable, and livable residential housing to meet the needs of the public who would be likely to live in the urban center, if such places to live were available; and

(c~~3~~) The providing of additional housing opportunity in the targeted area will assist in achieving the stated purposes of RCW [84.14.007](#), namely:

(i~~a~~) Encourage increased residential opportunities within the targeted area of the city of Marysville; or

(i~~b~~) Stimulate the construction of new multifamily housing and the rehabilitation of existing vacant and underutilized buildings for multifamily housing that will increase and improve residential opportunities within the city's urban centers;

(d~~4~~) In designating the residential targeted area, the city council may also consider other factors, including, but not limited to, which additional housing in the targeted area will attract and maintain a significant increase in the number of permanent residents, whether additional housing in the targeted area will help revitalize the city's urban center, whether an increased residential population will help improve the targeted area and whether an increased residential population in the targeted area will help to achieve the planning goals mandated by the Growth Management Act under RCW [36.70A.020](#);

(e~~5~~) The notice for the hearing has met the requirements of RCW [84.14.040](#).

(4~~5~~) The urban center and residential targeted area defined in MMC [3.103.030](#) were designated following notice and a public hearing and findings as required by this section.

**Section 3.** Section 3.103.070 Tax exemption for multifamily housing in residential targeted areas, is hereby amended to modify the following subsections to read as follows:

**3.103.070 Tax exemption for multifamily housing in residential targeted areas.**

(1) Intent. Exemptions from ad valorem property taxation for multifamily housing in urban centers are intended to:

(a) Encourage increased residential opportunities, including affordable housing opportunities, within the urban center designated by the city council as a residential targeted area;

(b) Stimulate new construction or rehabilitation of existing vacant and underutilized buildings for multifamily housing in the residential targeted area to increase and improve housing opportunities;

(c) Assist in directing future population growth in the designated urban center, thereby reducing development pressure on single-family residential neighborhoods; and

(d) Achieve development densities which are more conducive to transit use in the designated urban center.

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

(a) Eight successive years beginning January 1st of the year immediately following the calendar year of issuance of the certificate of exemption; or

(b) Twelve successive years beginning January 1st of the year immediately following the calendar year of issuance of the final certificate of exemption, and the property otherwise qualifies for the exemption under Chapter [84.14](#) RCW and meets the following conditions:

(i) 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. In the cases of projects intended exclusively for owner occupancy, the minimum requirement of this subsection may be satisfied solely through housing affordable to moderate-income households.

(ii) The exemptions provided herein do not include the value of land or non-housing-related improvements.

(3) Limits on Exemption. The exemption does not apply to the value of the land or to the value of improvements not qualifying under this chapter, nor does the exemption apply to increases in assessed valuation of land or 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 chapter.

(4) 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 the residential targeted area as designated pursuant to MMC [3.103.150](#) and defined in MMC [3.103.030](#).

(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 12 months prior to submission of an application and must fail to comply with one or more requirements of the building code of the city as set forth in MMC Title [16](#). Applications for new construction cannot be submitted for vacant property upon which an occupied residential rental structure previously stood, unless a minimum of 12 months has elapsed from the time of most recent occupancy.

(c) Size. The project must include at least ~~20~~ [ten](#) units of multifamily housing within a residential structure. A minimum of ~~20~~ [ten](#) new units must be constructed or at least ~~20~~ [ten](#) additional multifamily units must be added to existing occupied multifamily housing. Existing multifamily 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 ~~20~~ [ten](#) units of new, converted or rehabilitated multifamily housing.

(d) Permanent Residential Housing. At least 50 percent of the space designated for multifamily housing must be provided for permanent residential occupancy, as defined in MMC [3.103.030](#)(10) and only that portion of the space designated for multifamily housing shall be eligible for the exemption provided for herein.

(e) Proposed Completion Date. New construction multifamily housing and rehabilitation improvements must be completed within three years from the date of approval of the application, plus any extension of time granted under MMC [3.103.090](#)(2).

(f) Compliance with Guidelines and Standards. The project must be designed to comply with the city's comprehensive plan, building, housing and zoning codes, and any other applicable regulations in effect at the time the applicant submits a fully completed application to the director. New construction must comply with the building code of the city and all other applicable regulations. Rehabilitation and conversion improvements must comply with the building code of the city set forth in MMC Title [16](#) and all other applicable regulations. For the duration of the exemption granted under this chapter, the property shall have no violations of applicable zoning requirements, land use regulations, or building and housing ordinance requirements for which a notice of violation has been issued and is not resolved by compliance, withdrawal or other final resolution. The project must also comply with any other

standards and guidelines adopted by the city for the residential targeted area in which the project will be developed.

(g) Parking. The project must provide all required parking spaces on site. The parking requirements for multiple-family dwellings of the Marysville zoning code are applicable to multifamily residences provided for in this chapter; provided, however, to qualify for the exemption hereunder, the project shall provide not less than one parking space per new or rehabilitated residential unit in the project. The term "parking spaces on site" means that all the parking required under applicable city codes and requirements shall be off-street parking and provided on the property subject to the application for tax exemption hereunder or on any contiguous parcel owned by the applicant and not separated by a street, alley, other public right-of-way, or property not owned by the applicant. The director may authorize the parking area for a multifamily residence which is subject to the application for tax exemption hereunder to be located on a contiguous parcel which is separated from the multifamily residence site by an alley, if topographic, environmental or space constraints prevent vehicle parking and maneuvering from being placed on the location otherwise required by this chapter. In approving the on-site parking on any parcel contiguous to the multifamily residence site, including any approved parcel separated by an alley, the director shall require the owner to execute and record a covenant running with the land, acceptable to the city attorney, dedicating such parking area to parking use, to terminate only in the event that the owner's use which created the need for the parking on the owner's property is abandoned, discontinued or otherwise terminated, or the owner provides parking in a contiguous alternate location which is acceptable to and approved by the city.

**Section 4.** Section 3.103.150 Urban Center and residential targeted area designated, is hereby amended to modify the following subsections to read as follows:

**3.103.150 Urban center and residential targeted area designated.**

(1) Urban Center Designation. The area declared to be the urban center of the city of Marysville is the Downtown Master Plan Area as depicted in Figure 1 of MMC 3.103.040(1).

~~Planning Area 1 of the City's neighborhood planning areas, as defined in the City of Marysville Comprehensive Plan. The urban center is bounded by 8th Street to the north, Ebey Slough to the south, Alder Avenue to the east, and I-5 to the west. The urban center is approximately 182 acres in size~~

(2) Residential Targeted Area Designated. The area hereby declared to be the residential targeted area of the city of Marysville is the urban center of the city as defined in subsection (1) of this section.

(3) If a part of any legal lot is within the urban center or is within the residential targeted area, then the entire lot shall be deemed to lie within such area.

**Section 5. Severability.** If any section, subsection, sentence, clause, phrase, or word of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality thereof shall not affect the validity or constitutionality of any other section, subsection, sentence, clause, phrase, or word of this ordinance.

**Section 6. Corrections.** Upon approval by the city attorney, the city clerk or the code reviser are authorized to make necessary corrections to this ordinance, including scrivener's errors or clerical mistakes; references to other local, state, or federal laws, rules, or regulations; or numbering or referencing of ordinances or their sections and subsections.

**Section 7. Effective Date.** This ordinance shall become effective five days after the date of its publication by summary.

