



Multi-Family Tax Exemption Informational Handout (CC-C, CC-F and BC Zones Only)

Federal Way Revised Code (FWRC) Title 3, Chapter 3.30 & Revised Code of Washington (RCW) Chapter 84.14

PURPOSE

To promote residential opportunities within Federal Way's Residential Targeted Areas, specifically in CC-C, CC-F, and BC zones, with a focus on affordable housing and stimulate new construction of multi-family housing. By encouraging the Residential Targeted Areas, it will guide the future residential densities and achieve the envisioned and promote Transit-Oriented Development in high opportunity areas of the city.

BACKGROUND

The Multifamily Property Tax Exemption (MFTE) is a property tax waiver program. Under these exemptions, a property owner does not have to pay property taxes on the residential improvements for an approved given number of years. The property owner still pays tax on the land or ad valorem property taxation (the value of the property based on value as assigned by the property assessor) and on any non-residential improvements, like the commercial portion of a mixed-use building.

Once the Final Certificate of Tax Exemption is issued, residential development is exempted from qualifying property taxes for up to 8 successive years beginning January 1st of the year immediately following the calendar year of issuance, or up to 12 years if at least 20% of the project's units are affordable to low- and moderate-income households. For a complete copy of the process and requirements please see FWRC Title 3, Chapter 3.30.

PREAPPLICATION CONSULTATION WITH PLANNING

Consultation with Planning staff is recommended prior to submitting an MFTE Conditional Certificate Application. Contact planning@cityoffederalway.com or 253-835-2655 to determine if your proposal is eligible and to discuss the process and criteria.

REVIEW PROCESS

Application for Conditional Certificate of Tax Exemption:

1. The Community Development Department reviews the Conditional Certificate application and within 90 days determines whether it is consistent with the program criteria.
2. If the proposed project is found to be eligible, the applicant shall then enter into a Contract with the city regarding the terms and conditions of the project.
3. Upon approval of the Contract by the City Council, the Community Development Director will issue a Conditional Certificate of Tax Exemption. The Conditional Certificate expires three years from the date of approval unless an Extension is granted.
4. If the Director denies the eligibility for tax exemption, the Director shall state in writing the reasons for the denial and send notice within 10 days of the denial. The applicant may appeal a denial of a tax exemption application to the City Council by filing a notice of appeal with the city clerk within 30 calendar days of receipting of the notice of denial. The City Council's decision on appeal is final.

Application for Final Certificate of Tax Exemption:

5. Upon completion of the construction as provided in the Contract between the Owner and the City, and upon issuance of a Temporary Certificate of Occupancy, or a Permanent Certificate of Occupancy (if no Temporary Certificate is issued), the owner may apply for Final Certificate of Tax Exemption.
6. Within 30 days of receipt of all materials required for the Final Certificate of Tax Exemption, the Community Development Director determines whether the project has been completed in accordance with the approved contract.

Issuance of Final Certificate of Tax Exemption:

7. If approved, the Community Department will file a Final Certificate of Tax Exemption with the King County Assessor and the applicant pays a filing fee to the County.
8. If denied the owner may appeal the Director's decision to the hearing examiner by filing a notice of appeal with the City Clerk within 14 calendar days after issuance of the notice of the denial. The appeal will go before the Hearing Examiner and shall follow the provisions for appeal contained in FWRC 19.65.120. The owner may appeal the Hearing Examiner's decision to the King County Superior Court according to the procedures contained in RCW 34.05.510 through 34.05.598, as provided in RCW 84.14.090(6), within 30 days of notification by the city to the owner of the decision.

Annual Compliance Review and Monitoring:

9. Within 30 days after the first anniversary of the granted date, the property owner shall submit an Annual Report Form with the city and the city will file the Final Certificate of Tax Exemption and each year thereafter, for the approved period of tax exemption. For the 12-year program, Tenant Income Verification Forms are required for all MFTE required income restricted units.

APPLICATION SUBMITTAL

All application materials must be submitted electronically. Please visit our website at <https://www.cityoffederalway.com/node/4588> to request a document upload link and obtain information on how to successfully prepare your application materials for electronic submittal and review.

Multi-Family Tax Exemption Conditional Certificate Submittal Checklist

PLEASE RETURN THIS CHECKLIST WITH YOUR APPLICATION

The following is a list of materials and plans that must be submitted in order to have a complete application.

APPLICATION	REQUIRED	PROVIDED
Completed City of Federal Way Multi-Family Tax Exemption Conditional Certificate Application form.	X	

FEES	REQUIRED	PROVIDED
Application fees.	X	

SITE PLANS AND BUILDING ELEVATIONS	REQUIRED	PROVIDED
1. Legal description of the property.	X	
2. Preliminary floor and site plans of the proposed project drawn at 1" = 20', or a comparable scale, and one set reduced to 8½" x 11" size.	X	
3. Dimensioned building elevations drawn at ¼" = 1', or a comparable scale showing at least two facades.	X	
4. Building detail on area devoted to each use. Calculations shall be in gross and net square footages.	X	

OTHER INFORMATION	REQUIRED	PROVIDED
If the project includes rehabilitation of existing dwelling units, provide written verification of property noncompliance with city's minimum building code.		



Application Number _____

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PURPOSE

This application form is required pursuant to FWRC 3.30.060. Please consult FWRC Chapter 3.30 for a complete listing of requirements and procedures for this property tax exemption. Please fill out below. (You may use additional sheets, if necessary.)

APPLICANT INFORMATION		
Name:	Company:	Phone:
Email:		
Mailing Address:		
Contact Person:	Phone:	
Email:		

OWNER INFORMATION		
Name:	Company:	Phone:
Email:		
Mailing Address:	Phone:	
Contact Person:		
Email:		

PROJECT INFORMATION	
Site Address:	Assessor Parcel Number:
Zoning District: CC-C <input type="checkbox"/> CC-F <input type="checkbox"/> BC <input type="checkbox"/>	Site Area:
MFTE Program: 8-year <input type="checkbox"/> 12-year <input type="checkbox"/>	Project Name:
Number of Residential Units Rental: _____ For Sale: _____ Total: _____ Estimated total project cost: _____ Expected start date: _____ Expected completion date: _____	

Proposed Dwelling Units	Efficiency	Studio	1-BR	2-BR	3-BR+	Total Units
Number of income-restricted units*						
Number of market rate units						
Average monthly rent (income restricted)						
Average monthly rent (market-rate)						
Average size						
Development cost per unit						
Number of units currently occupied						
Number of units vacant for 12 months or more (rehabilitated existing units)						

(*Per RCW 84.14.010 definitions)

Gross Building Area (sq. ft): _____

Gross Commercial Space (sq. ft): _____

Gross area devoted to residential uses, includes residential common areas and parking (sq. ft): _____

Number of parking spaces for residential: _____ Number of parking spaces for commercial: _____

Does the proposed project displace existing residential tenants? _____

If the building formerly contained residential tenants, when was the building vacated? _____

What is the anticipated completion date for the project? _____

Does the proposal include rehabilitation of existing units? _____

- a) Are the units vacant or occupied? _____
- b) If occupied, will any residents be displaced as part of this project? _____
- c) When were the units last occupied (please be date specific)? _____
- d) Are there any violations of the city's minimum housing code)? _____

Description of proposal (attach additional sheets if necessary):

Please see the checklist for a list of plans and other information that must be submitted with this application and for other important information. The checklist must be submitted with the application and the required materials.

STATEMENT OF POTENTIAL TAX LIABILITY

As owner of the land described in this application, I hereby indicate by my signature that I am aware of the additional tax liability if and when the property ceases to be eligible for exemption. I am aware that the tax exemption must be cancelled if the property is converted from multifamily to another use. I am aware that if I decide to convert the multifamily housing to another use or intend to discontinue compliance with the affordable housing requirements, I must notify the Community Development Department and the King County Assessor within 60 days of the change in use or intended discontinuance.

Owner's Signature: _____

Dated: _____

AFFIRMATION

As taxpayer(s) of the land described in this application, I hereby indicate by my signature that I am aware that the exemption does not begin until after the project is complete and I have applied for a Final Certificate of Exemption. I declare under penalty of perjury under the laws of the State of Washington that this application and any accompanying documents have been examined by me and that they are true, correct, and complete to the best of my knowledge.

Owner's Signature: _____

Dated: _____