

Background

Designating a residential target area requires a number of criteria, including the prior existence of a tax incentive urban use center (TIUUC). A TIUUC is a compact, identifiable district where urban residents may obtain a variety of products and services

Once a TIUUC is established, a residential target area (RTA) can be set. An RTA is an area within the TIUUC that has been designated by the City Council as lacking sufficient, available, desirable and convenient residential housing to meet the needs of the public. See LMC 3.64.

Owners who make eligible multi-family housing improvements within an RTA would be exempt from any tax increases related to those improvements for a period of 8 to 12 years. Owners would continue to pay the pre-improvement taxes on both the land and structure.

The tax exemption would only be applied to the improvement value of the residential portion of the property. Taxes would still be paid on the land and on the improvement value of any non-residential portion of the land and on the improvement value of any non-residential uses.

Contact

Courtney Brunell,
Current Planning Manager
cbrunell@cityoflakewood.us
253.983.7839

Becky Newton,
Economic Development Manager
bnewton@cityoflakewood.us
253.983.7738

www.cityoflakewood.us



MULTIFAMILY TAX EXEMPTION PROGRAM



About the MFTE Program

The Multifamily Tax Exemption (MFTE) program allows for qualifying multifamily housing projects to be exempt from property tax on the value of housing improvements for a period of 8 or 12 years, 12 if at least 20% of the units are low income. A project must have a minimum of four units to be considered.

The purpose of the MFTE is to remove substandard housing and to revitalize older neighborhoods thereby improving quality of life. Development contributions to infrastructure help to offset the reduction in revenue from the tax exemption with new sales tax and business revenue.

The MFTE is allowed only within a Residential Target Area (RTA), [Resolution No. 2015-10](#) which is located within a Tax Incentive Urban Use Centers (TIUUC), [Ordinance No. 607](#).

Eligibility

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

1. *Location.* The project must be located within a Residential Target Area (RTA), as designated in Section LMC [3.64.020](#).
2. *Size.* The project must include at least four units of multi-family housing within a residential structure or as part of a mixed-use development. (More details at LMC [3.64](#))
3. *Permanent Residential Housing.* At least fifty (50) percent of the space designated for multi-family housing must be provided for permanent residential occupancy, as defined in LMC [3.64.010](#).
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. The project must also comply with any other standards and guidelines adopted by the City Council for the RTA.

Application Procedure

A property owner who wishes to propose a project for a multi-family tax exemption shall complete the following procedures:

1. File with the City of Lakewood, as directed in the procedures for participation in the City's Tax Incentive Urban Use Center Development Program, the required application along with the required fees. The initial application fee shall be set by the Master Fee Schedule. An additional fee to cover the Pierce County Assessor's administrative costs shall be paid to the City. The application fee is non-refundable.
2. In addition to any other requirements set forth by chapter [84.14](#) RCW, a complete application shall include:
 - a. A completed City of Lakewood 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; and
 - d. Verification by oath or affirmation of the information submitted.
 - e. If applicable, a statement that the project meets the affordable housing requirements as described in RCW [84.14.020](#).