

Ord No 776 – Designating Light Rail Station Subareas for Property Tax Exemption (PTE)

Council Business Meeting
March 20, 2017



Purpose of PTE

- Increase residential opportunities
- Stimulate housing construction
- Direct development to protect neighborhoods
- Achieve densities to stimulate economic health and transit use

Shoreline PTE

- Available in 7 targeted areas
- Requires 20% of units be affordable
 - 70% of Area Median Income (AMI) for small units
 - 80% of AMI for larger units
- 12 years of exemption on improvements

Effectiveness of PTE

- For Developer
 - Lowers project's expenses in tough years
 - Increases project's value
- For City
 - Creates affordable and market-rate housing
 - Leverages city's contribution
 - Self-regulating

Use of PTE

- Shoreline: Completed or under construction
 - 543 total units
 - 87 affordable units
 - Plus 165 affordable units at Polaris
- Seattle 2015 report:
 - 25,159 total units
 - 6,457 affordable units

PTE in Station Areas

1. Consistent with Council Goal #1

“ . . . it is vital to attract investment in Shoreline businesses and neighborhoods to enhance the local economy, provide jobs, and support the services that make Shoreline a desirable place to live. Investment will strengthen our tax base while providing our residents with greater housing choices, local employment, retail opportunities, and lifestyle amenities.”

PTE in Station Areas

2. Produces density that stimulates economy and transit use
3. Helps offset mandated 99-year affordability
4. Encourages property assemblage

PTE in Station Areas

5. Rewards “pioneering” projects
6. Able to be changed, time-limited, or capped
7. PTE projects create immediate revenue and economic activity, with more later
8. Takes advantage of current cycle

Discussion Points

1. Should both light rail subareas be eligible for PTE?

- Staff recommends that both light rail subareas be eligible.

Discussion Points

2. Should all zoned areas of the light rail subareas be eligible for PTE?

- Staff recommends first phases of MUR-70' and MUR-45' be eligible.

Discussion Points

3. What type of PTE Program should be offered in the PTE area?

- Staff recommends the same 12-year affordable housing PTE as elsewhere in Shoreline

Discussion Points

4. How should the light rail subareas' mandatory affordable housing requirement interact with the PTE program?

- Staff recommends that the projects that provide the mandatory option of 20% of small units at 70% AMI level and 20% of 2+ bedroom units at 80% AMI be given the PTE

Discussion Points

5. Should a limit be placed on the PTE program?

- As written, Ord. No. 776 creates a 500-unit cap for each of the station areas
- Alternately, a provision could sunset the program on a date such as December 31, 2021

Dan Eernisse, Economic Development
deernisse@shorelinewa.gov

