

16720 SE 271<sup>st</sup> Street, Suite 100 • Covington, WA 98042 • (253) 480-2400 • Fax: (253) 480-2401

*The City of Covington is a destination community where citizens, businesses, and civic leaders collaborate to preserve and foster a strong sense of unity.*

**PLANNING COMMISSION AGENDA**  
**October 17, 2024**  
**6:30 PM**

*In compliance with state law, this Planning Commission's regular meetings will be held in a hybrid format with in-person, telephonic, and virtual options for public viewing and participation.*

**This Planning Commission meeting will be held telephonically and virtually as follows:**

*Join In Person: Covington City Hall, Council Chambers, 16720 SE 271st Street, Covington, WA 98042*

**Join by computer:** <https://us02web.zoom.us/j/86806796083>

**Join by Telephone:** +1 (253) 215-8782

Webinar ID: 868 0679 6083

CALL TO ORDER

ROLL CALL

Chair Kenner Ahrendsen, Vice-Chair Kathy Fosjord, David Caudle, Murray Williams, Steven Bossom, and Stephanie Hunziker.

PLEDGE OF ALLEGIANCE

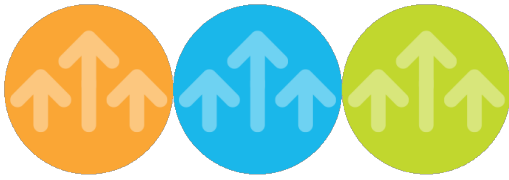
APPROVAL OF AGENDA

APPROVAL OF CONSENT AGENDA

1. September 19, 2024, Planning Commission Minutes

*CITIZEN COMMENTS - The Citizen Comment period provides the opportunity for members of the audience to address the Commission on items either not on the agenda or not listed as a Public Hearing. The Chair will open this portion of the meeting and ask for a show of hands of those persons wishing to address the Commission. When recognized, please approach the podium, give your name and city of residence, and state the matter of interest. If your interest is an Agenda Item, the Chair may suggest that your comments wait until that time. Citizen Comments are directed to the Planning Commission, not the audience or staff. Comments are not intended for conversation or debate. Citizen comments will be limited to four minutes for Citizen Comments. If you require more than the allotted time, your item will be placed on the next agenda. \*\*Reminder – If you've dialed in for this meeting you must press \*9 to raise your hand to speak.*

*If you anticipate your comments taking longer than the allotted time, you are encouraged to contact the Planning Department ten days in advance of the meeting so your item may be placed on the next available agenda.*



city of  
**covington**  
growing toward greatness

PUBLIC HEARING AND RECOMMENDATION - NONE

NEW BUSINESS - NONE

OLD BUSINESS

1. House Bill 1110 – Middle Housing

ATTENDANCE VOTE

CITIZEN COMMENTS: (Same rules apply as stated in the 1<sup>st</sup> CITIZEN COMMENTS)

COMMENTS AND COMMUNICATIONS OF STAFF AND COMMISSIONERS

ADJOURN

*Any person requiring a disability accommodation should contact the City at least 24 hours in advance.  
For TDD relay service please use the state's toll-free relay service (800) 833-6384 and ask the operator to dial (253) 480-2400  
Web Page: [www.covingtonwa.gov](http://www.covingtonwa.gov)*



## Planning Commission Minutes

**September 19, 2024,**

**Hybrid Meeting through Zoom/City  
Hall Council Chambers**

### **CALL TO ORDER**

The meeting of the Planning Commission was called to order at 6:31 p.m. by Acting Chair David Caudle.

### **MEMBERS PRESENT**

Acting Chair David Caudle, Acting Vice-Chair Kenner Ahrendsen, Kathy Fosjord, Stephanie Hunziker, Steven Bossom, and Murray Williams

### **MEMBERS ABSENT - NONE**

### **STAFF PRESENT**

Salina Lyons, Community Development Director  
Dafne Hernandez, Associate Planner  
Alicia Camp, Permit/Planning Technician

### **APPROVAL OF AGENDA**

- **Commissioner Murray Williams moved, and Commissioner Kathy Fosjord seconded the motion to approve the agenda. The motion carried 6-0.**

### **APPROVAL OF CONSENT AGENDA**

- **Commissioner Kathy Fosjord moved, and Kenner Ahrendsen seconded the motion to approve the August 15, 2024, Planning Commission minutes. The motion carried 6-0.**

### **SPECIAL ORDER OF BUSINESS:**

1. Election for Chair and Vice Chair of the Planning Commission.
  - Commissioner Stephanie Hunziker nominated Commissioner Kenner Ahrendsen as Chair. No additional nominations were given. The nomination carried 6-0.
  - Commissioner Murray Williams nominated Commissioner Kathy Fosjord for Vice-Chair. No additional nominations were given. The nomination carried 6-0.

### **CITIZEN COMMENTS – NONE**

### **PUBLIC HEARING - NONE**

**NEW BUSINESS**

1. City staff and city consultants gave a presentation House Bill 1110 – Middle Housing Update & Gap Analysis. Discussion followed by the Planning Commission.
2. City staff gave an overview on the climate action grant work underway. Discussion followed by the Planning Commission.
3. City staff reviewed with the Planning Commission the City Council and Planning Commission Joint Meeting to discuss the Draft Comprehensive Plan Update. Discussion followed by the Planning Commission.

**OLD BUSINESS - NONE****ATTENDANCE VOTE - NONE****CITIZENS COMMENTS - NONE****COMMENTS AND COMMUNICATIONS FROM STAFF AND COMMISSIONERS****ADJOURN**

September 19, 2024, Planning Commission Meeting adjourned at approximately 8:38 p.m.

These minutes are intended to reflect the action taken during the Planning Commission meeting. The audio recording is available upon request.

Respectfully submitted,

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Dafne Hernandez, Associate Planner



City of Covington  
 16720 SE 271<sup>st</sup> St. Suite 100  
 Covington, WA 98042  
 City Hall – 253.480.2400  
 www.covingtonwa.gov

# Memo

**To:** Planning Commission  
**From:** Dafne Hernandez, Associate Planner  
**CC:** Salina Lyons, Community Development Director  
**Date:** October 10, 2024  
**RE:** Implementation of House Bill 1110 and Middle Housing – Incentives

**Attachments:**

1. CMC 18.90 Residential Density Incentives
2. CMC 18.31.160 Downton Bonus Incentives
3. CMC 3.80 Multifamily Property Tax Exemption (MFTE)

The memo outlines key points from the Planning Commission's discussion of the City of Covington Middle Housing Gap Report as part of the compliance process with House Bill [1110 \(2023\)](#) and the review of incentives from the Department of Commerce's Middle Housing Model Ordinance for Tier 1 and Tier 2 cities.

Staff will present this information in more detail and facilitate a discussion to obtain your input on how Covington should address housing affordability in developing the middle housing code.

**Discussion Questions to consider:**

As you review this information, please consider the following questions:

- Should Covington adopt any practices suggested for larger cities, even though we're in the Tier 3 category, with limited bus service?
- Which of these strategies do you think would be most effective in Covington?
- Are there other approaches to affordability that you'd like to explore?
- How can we ensure that any new policies align with Covington's character and values?
- What concerns do you have about these potential approaches?

**Department of Commerce Guidance**

The Department of Commerce has published two Middle Housing Model Ordinances: one for Tier 1 and 2 cities and one for Tier 3 cities. The two Ordinances are similar, but they have different applicability based on population and proximity to transit.

| Tier 1 City – at least 75,000 population  | Tier 2 City - between 25,000 and 75,000   | Tier 3 City - Cities with fewer than 25,000  |
|---|---|--|
| <ul style="list-style-type: none"> <li>• Must allow at least four homes per lot.</li> <li>• If the lot is within a quarter mile of a major transit stop, or if two of the homes are affordable, the city must allow six homes per lot.</li> </ul> | <p>Must allow at least two homes per lot.</p> <p>If the lot is within a quarter mile of a major transit stop, or if one of the homes is affordable, the city must allow four homes per lot.</p> | <ul style="list-style-type: none"> <li>• And located in a contiguous urban growth area with the largest city in a county with a population of at least 275,000 people</li> <li>• Must allow at least two homes per lot.</li> </ul> |

- **Covington is a Tier 3** city with a current population of about 22,000. Covington has no Metro stops that qualify as “major transit stops.”
- **A major transit stop** is a stop on a high-capacity transportation system, including commuter rail stops, stops on rail or fixed guideway systems, and stops on Bus Rapid Transit (BRT) routes, including those under construction.
- **"Affordable"** in this context typically means that housing costs (including utilities) don't exceed 30% of a household's monthly income. For rental housing, this is often set at 60% of the Area Median Income (AMI), while for owner-occupied housing, it's often 80% of AMI.

### Affordability Incentive Review

The Planning Commission requested staff to further examine the affordable housing incentives in the Tier 1 and Tier 2 Model Ordinances and determine if affordability provisions could be applied to Covington’s middle housing codes to encourage greater affordability. This aligns with broader goals of increasing housing diversity and affordability while complying with state mandates under HB 1110.

The following text is copied from the [Commerce User Guide for Middle Housing Model Ordinances](#). It outlines the density requirements and affordability incentives for Tier 1 and Tier 2 cities consistent with HB 1110. Affordability incentives are underlined.

#### Tier 1 Cities

- A. The permitted unit density on all lots zoned predominantly for residential use is:
1. 4 units per lot (unless higher densities apply).
  2. 6 units per lot if within one-quarter mile of a major transit stop.
  3. 6 units per lot if at least 2 units qualify as affordable housing meeting the requirements of subsections (C) through (H) below unless zoning permitting higher densities or intensities applies.
  4. The subsection (A) standards do not apply to lots after subdivision below 1,000 square feet unless the city has enacted an allowable lot size below 1,000 square feet in the zone.

#### Tier 2 Cities

- B. The permitted unit density on all lots zoned predominantly for residential use is:
1. 2 units per lot (unless higher densities apply).
  2. 4 units per lot if within one-quarter mile of a major transit stop.
  3. 4 units per lot if 1 unit qualifies as affordable housing, meeting the requirements of subsections (C) through (H) below, unless zoning permitting higher densities or intensities applies.
  4. The subsection (A) standards do not apply to lots after subdivision below 1,000 square feet unless the city has enacted an allowable lot size below 1,000 square feet in the zone.

#### Tier 1 and 2 Cities (Sub-Section References)

- C. To qualify for additional units under the affordable housing provisions of Section 5(A), an applicant shall commit to renting or selling the required number of units as affordable housing and meeting the standards of subsections D through (H) below.
- D. Dwelling units that qualify as affordable housing shall have costs, including utilities other than telephone, that do not exceed 30 percent of the monthly income of a household whose income does not exceed the following percentages of median household income adjusted for household size for the

county where the household is located, as reported by the United States Department of Housing and Urban Development:

1. Rental housing: 60 percent.
  2. Owner-occupied housing: 80 percent.
- E. The units shall be maintained as affordable for at least 50 years, and the property shall satisfy that commitment and all required affordability and income eligibility conditions.
  - F. The applicant shall record a covenant or deed restriction that ensures the continuing rental or ownership of units subject to these affordability requirements consistent with the conditions in chapter 84.14 RCW for a period of at least 50 years.
  - G. The covenant or deed restriction shall address criteria and policies to maintain public benefit if the property is converted to a use other than that which continues to provide permanently affordable housing.
  - H. The units dedicated as affordable housing shall:
    1. Be provided in a range of sizes comparable to other units in the development.
    2. The number of bedrooms in affordable units shall be the same proportion as the number of bedrooms in units within the entire development.
    3. Generally, it will be distributed throughout the development and have substantially the same functionality as the other units.

**What could Covington do?**

Let’s look at Best Practices for Affordable Housing\* to understand what Covington can and is already doing to contribute to affordability. This is not an extensive list of options; it is based on the practicality and resources available for Covington to manage and oversee affordable housing and code changes that can be managed and completed under the \$50,000 commerce grant.

| Best Practices for Affordable Housing  | Current Covington Requirements   | Potential Covington Requirements   |
|--|--|--|
| <p><b>Increase allowable units per lot without subdivision</b></p>               | <p>HB 1110 will permit 2 units.</p>  | <ul style="list-style-type: none"> <li>• Allow the density to increase without the “major stop” requirement.</li> <li>• Allow up to X units if X unit(s) is affordable.</li> </ul>   |
| <p><b>Mandatory Set Aside:</b><br/>A threshold is required to be affordable.</p> | <p>Optional set-aside with density bonus in subdivisions. The CMC 18.90 incentives have not been updated since the city was incorporated in 1997 and are King County’s original language</p> <p><a href="#">CMC 18.90 Residential Density Incentives (Attachment 1)</a></p> <p>No affordable bonus options for downtown zones: The optional affordable set-aside bonus for downtown was removed with the 2021 downtown code updates.</p> | <ul style="list-style-type: none"> <li>• Require mandatory residential set-aside.</li> <li>• Retain and update Optional residential set-aside incentives for affordability.</li> <li>• Include an optional and/or mandatory set aside in the downtown zones.</li> </ul> <p>e.g.,</p> <p>Require a percentage (5%) of units in any development over a certain threshold (e.g., 20 units or more) to be designated as affordable housing for</p> |

| Best Practices for Affordable Housing           | Current Covington Requirements   | Potential Covington Requirements   |
|---|--|--|
|   | <p>CMC 18.31.160 Downtown Bonus Features (<b>Attachment 2</b>)</p>   | <p>households earning less than X% of the AMI (60, 80, or flexible within this range).</p> <p>Smaller cities typically require lower percentages of affordable units, often around 3-5%, within a 15 – 20 lot plan to acknowledge smaller cities' smaller market size and more limited resources to provide oversight.</p> <p>Many cities offer alternatives for developers who either do not want to or cannot provide affordable units on-site. These alternatives provide flexibility while still promoting affordable housing goals.</p> <ul style="list-style-type: none"> <li>▪ <b>In-lieu fees:</b> Developers may pay a fee instead of including affordable units in their project. These fees go into an affordable housing fund used by the city to support housing initiatives</li> <li>▪ <b>Land dedication:</b> Some cities allow developers to dedicate land for affordable housing rather than constructing units. A nonprofit then uses this land for affordable housing.</li> </ul> |
| <p><b>Lot Size and setback flexibility:</b></p> | <p>Minimum Lot size: 2,500 sq. ft.</p> <p>Setbacks: 7.5 ft interior (side and rear)</p> <p>Townhome/attached housing lot sizes are flexible, and the setback is reduced to 5 ft.</p> | <ul style="list-style-type: none"> <li>• Further reduce lot sizes if affordable units are provided</li> <li>• Reduce interior setbacks to 5 ft (this is proposed by staff and requested by the industry)</li> <li>• Make townhome/attached housing fully flexible. Let the developer decide based on the design.</li> </ul> <p>Reductions, such as full flexibility in lot size and setbacks for townhomes and attached housing, could be used as an incentive under the optional set aside for affordability.</p> <p>E.g.,</p>  |



| Best Practices for Affordable Housing  | Current Covington Requirements   | Potential Covington Requirements  |
|--|--|---|
|  |  | <p>If a development sets aside X affordable housing units, it can fully apply flexible zoning for lot sizes and setbacks.</p>   |
| <p><b>Housing Diversity:</b><br/> <b>“Missing Middle”</b><br/> <b>“Form-Based Zoning”</b><br/> <b>“Mixed-Use Residential”</b></p>  | <p>HB 1110 amendments will allow all housing types in all residential zones</p> <p>Form-based code promotes mixed-use residential downtown.</p>  | <ul style="list-style-type: none"> <li>• No action is needed; Middle Housing Code amendment will ensure diversity</li> </ul>  |
| <p><b>Multi-Family Tax Exemption (MFTE):</b><br/>           Exempt property taxes on the residential improvements of multifamily developments for a certain number of years if a portion of the units are designated as affordable</p> | <p>MFTE adopted for "target areas": Town Center, Mixed Housing Office, R-18 multifamily. <b>(Attachment 3)</b></p>   | <ul style="list-style-type: none"> <li>• No immediate action is required. Consider studying the expansion of target areas and reducing eligibility requirements; Council-allocated funds for staff to consider and study the budgetary impacts</li> </ul> |
| <p><b>Partnerships for Affordable Units</b></p>  | <p>Members of South King County Housing and Homeless Partners (SKHHP)</p>  | <ul style="list-style-type: none"> <li>• No action. Commerce recognizes SKHHP membership as a method for small cities to administer affordable rental programs.</li> </ul> <p>The council could explore additional regional partnerships.</p>             |
| <p><b>Reduce or Waive Fees development fees.</b></p>   | <p>Covington operates on full-cost recovery, meaning development pays for itself.</p> <p>The Development Services Fund, an enterprise fund, relies on permit fees to cover staff costs.</p> <p>An affordable project would cost the same to review and permit as a market-rate house, possibly more, because some additional covenants and restrictions would require staff and legal time to apply to the affordable project.</p> | <ul style="list-style-type: none"> <li>• Council approval is needed for systematic fee reductions</li> <li>• Further study is required to assess budget impacts</li> <li>• The Commission could recommend the council fund an impact study.</li> </ul>    |

| Best Practices for Affordable Housing | Current Covington Requirements  | Potential Covington Requirements |
|---------------------------------------|---|----------------------------------|
|                                       | <p>Any fee reductions or waivers would need to be offset by the general fund to cover staff time.</p> <p>The City Manager retains the authority to make fee reduction decisions case-by-case basis.</p> |                                  |

**Planning Commission Action:**

- No action. Discussion and questions to staff.

**Sources:**

[APA's Policy Guides on Housing Affordability](#)

[Housing Development Consortium](#)

[Washington Department of Commerce: Housing](#)

[PSRC: Strengthen and access affordability](#)

## **Chapter 18.90**

### **RESIDENTIAL DENSITY INCENTIVES**

Sections:

- 18.90.010 Purpose.**
- 18.90.020 Permitted locations of residential density incentives.**
- 18.90.030 Maximum densities permitted through residential density incentive review.**
- 18.90.040 Public benefits and density incentives.**
- 18.90.050 Rules for calculating total permitted dwelling units.**
- 18.90.060 Review process.**
- 18.90.070 Minor adjustments in final site plans.**
- 18.90.080 Applicability of development standards.**

#### **18.90.010 Purpose.**

The purpose of this chapter is to provide density incentives to developers of residential lands in urban areas and rural activity centers, in exchange for public benefits to help achieve comprehensive plan goals of affordable housing, open space protection, historic preservation and energy conservation, by:

- (1) Defining in quantified terms the public benefits that can be used to earn density incentives;
- (2) Providing rules and formulae for computing density incentives earned by each benefit;
- (3) Providing a method to realize the development potential of sites containing unique features of size, topography, environmental features or shape; and
- (4) Providing a review process to allow evaluation of proposed density increases and the public benefits offered to earn them, and to give the public opportunities to review and comment. (Ord. 42-02 § 2 (21A.34.010))

#### **18.90.020 Permitted locations of residential density incentives.**

Residential density incentives (RDI) shall be used only on sites served by public sewers and only in the following zones:

- (1) In R-4 through R-18 zones; and
- (2) In CC and NC zones when part of a mixed-use development. (Ord. 08-21 § 4 (Exh. C); Ord. 10-10 § 3 (Exh. C); Ord. 42-02 § 2 (21A.34.020))

### **18.90.030 Maximum densities permitted through residential density incentive review.**

The maximum density permitted through RDI review shall be 150 percent of the base density of the underlying zone of the development site or 200 percent of the base density for RDI proposals with 100 percent affordable units. (Ord. 42-02 § 2 (21A.34.030))

### **18.90.040 Public benefits and density incentives.**

- (1) The public benefits eligible to earn increased densities, and the maximum incentive to be earned by each benefit, are in subsection [\(6\)](#) of this section. The density incentive is expressed as additional bonus dwelling unit, or fractions of dwelling units, earned per amount of public benefit provided.
- (2) Bonus dwelling units may be earned through any combination of the listed public benefits.
- (3) The guidelines for affordable housing bonuses, including the establishment of rental levels, housing prices and asset limitations, will be updated and adopted annually by the Council in the consolidated housing and community development plan.
- (4) Bonus dwelling units may also be earned and transferred to the project site through the transfer of density credit (TDC) process in Chapter [18.95](#) CMC, by providing any of the open space, park site or historic preservation public benefits set forth in subsection [\(6\)\(b\)](#) or [\(c\)](#) of this section on sites other than that of the RDI development.
- (5) Residential development in R-4 through R-18 zones with property specific development standards requiring any public benefit enumerated in this chapter shall be eligible to earn bonus dwelling units in accordance with subsection [\(6\)](#) of this section if the public benefits provided exceed the basic development standards of this title. If a development is located in a special overlay district, bonus units may be earned if the development provides public benefits exceeding corresponding standards of the special district.
- (6) The following are the public benefits eligible to earn density incentives through RDI review:

| BENEFIT  | DENSITY INCENTIVE   |
|--|---|
| (a) AFFORDABLE HOUSING.  |   |
| <p>(i) Benefit units consisting of rental housing permanently priced to serve nonsenior citizen low-income households (i.e., no greater than 30 percent of gross income for households at or below 50 percent of the City of Covington median income, adjusted for household size). A covenant on the site that specifies the income level being served, rent levels and requirements for reporting to the City of Covington shall be recorded at final approval.</p>  | <p>1.5 bonus units per benefit unit, up to a maximum of 30 low-income units per five acres of site area; projects on sites of less than five acres shall be limited to 30 low-income units.</p> |
| <p>(ii) Benefit units consisting of rental housing designed and permanently priced to serve low-income senior citizens (i.e., no greater than 30 percent of gross income for one- or two-person households, one member of which is 62 years of age or older, with incomes at or below 50 percent of the City of Covington median income, adjusted for household size). A covenant on the site that specifies the income level being served, rent levels and requirements for reporting to the City of Covington shall be recorded at final approval.</p> | <p>1.5 bonus units per benefit unit, up to a maximum of 60 low-income units per five acres of site area; projects on sites of less than five acres shall be limited to 60 low-income units.</p> |
| <p>(iii) Benefit units consisting of senior citizen assisted housing units 600 square feet or less.</p>  | <p>1 bonus unit per benefit unit.</p>   |
| <p>(iv) Benefit units consisting of moderate income housing reserved for income- and asset-qualified</p>   | <p>0.75 bonus unit per benefit unit.</p>  |

| BENEFIT  | DENSITY INCENTIVE                        |
|--|--|
| <p>home buyers (total household income at or below 80 percent of the City of Covington median, adjusted for household size). Benefit units shall be limited to owner-occupied housing with prices restricted based on typical underwriting ratios and other lending standards, and with no restriction placed on resale. Final approval conditions shall specify requirements for reporting to the City of Covington on both buyer eligibility and housing prices.</p>   | <p>1 bonus unit per benefit unit.</p>    |
| <p>(v) Benefit units consisting of moderate income housing reserved for income- and asset-qualified home buyers (total household income at or below 80 percent of the City of Covington median, adjusted for household size). Benefit units shall be limited to owner-occupied housing with prices restricted based on typical underwriting ratios and other lending standards, and with a 15-year restriction binding prices and eligibility on resale to qualified moderate income purchasers. Final approval conditions shall specify requirements for reporting to the City of Covington on both buyer eligibility and housing prices.</p> | <p>1.5 bonus units per benefit unit.</p> |

| BENEFIT   | DENSITY INCENTIVE   |
|---|---|
| <p>limited to owner-occupied housing, with prices restricted to same income group, based on current underwriting ratios and other lending standards for 30 years from date of first sale. A covenant on the site that specifies the income level and other aspects of buyer eligibility, price levels and requirements for reporting to the City of Covington shall be recorded at final approval.</p>  | <p>200 percent of the base density of the underlying zone. Limited to parcels five acres or less in size and located in the R-4 through R-8 zones. Housing types in the R-4 or R-6 zone shall be limited to structures containing four or less units, except for townhouses. Such RDI proposals shall not be eligible to utilize other RDI bonus density incentives listed in this section.</p> |
| <p>(vii) Projects in which 100 percent of the units are reserved for moderate income- and asset-qualified buyers (total household income at or below 80 percent of the City of Covington median, adjusted for household size). All units shall be limited to owner-occupied housing with prices restricted based on current underwriting ratios and other lending standards, and with prices restricted to same income group, for 15 years from date of first sale. Final approval conditions shall specify requirements for reporting to the City of Covington on both buyer eligibility and housing prices.</p> | <p>1.0 bonus unit per benefit unit.</p>   |
| <p>(viii) Benefit units consisting of mobile home park space or pad reserved for the relocation of an insignia or non-insignia mobile home, that has been or will be displaced due to closure of a mobile home park located in the City of Covington.</p>   | <p>(b) OPEN SPACE, TRAILS AND PARKS.</p>  |

| BENEFIT  | DENSITY INCENTIVE  |
|--|--|
| <p>(i) Dedication of park site or trail right-of-way meeting the City of Covington location and size standards for neighborhood, community or regional park, or trail, and accepted by the Parks Department.</p> | <p>0.5 bonus unit per acre of park area or quarter-mile of trail exceeding the minimum requirement of Chapter <a href="#">18.35</a> CMC for on-site recreation space or trail corridors, computed on the number of dwelling units permitted by the site's base density.</p>          |
| <p>(ii) Improvement of dedicated park site to the City of Covington standards for developed parks.</p>   | <p>0.75 bonus unit per acre of park improvement. If the applicant is dedicating the site of the improvements, the bonus units earned by improvements shall be added to the bonus units earned by the dedication.</p>   |
| <p>(iii) Improvement of dedicated trail segment to the City of Covington standards.</p>  | <p>1.8 bonus units per quarter-mile of trail constructed to City standard for pedestrian trails; or<br/>2.5 bonus units per quarter-mile of constructed to City standard for multi-purpose trails (pedestrian/ bicycle/ equestrian).</p>   |
| <p>(iv) Dedication of open space, meeting the City of Covington acquisition standards to the City or a qualified public or private organization such as a nature conservancy.</p>                                | <p>Shorter segments shall be awarded bonus units on a pro rata basis. If the applicant is dedicating the site of the improvements, the bonus units earned by improvements shall be added to the bonus units earned by the dedication.<br/>0.5 bonus unit per acre of open space.</p> |
| <p>(c) HISTORIC PRESERVATION.</p>  |  |



| BENEFIT  | DENSITY INCENTIVE   |
|--|---|
| <p>(i) Dedication of a site containing an historic landmark in accordance with Chapter <a href="#">18.47</a> CMC to the City of Covington or a qualifying nonprofit organization capable of restoring and/or maintaining the premises to standards set by the City Historian.</p>  | <p>0.5 bonus unit per acre of historic site.</p>  |
| <p>(ii) Restoration of a site or structure designated as an historic landmark in accordance with Chapter <a href="#">18.47</a> CMC to a specific architectural or site plan approved by the City Historian.</p>  | <p>0.5 bonus unit per acre of site or 1,000 square feet of floor area of building restored.</p> |
| <p>(d) ENERGY CONSERVATION.</p>  |   |
| <p>(i) Benefit units that incorporate conservation features in the construction of all on-site dwelling units heated by electricity that save at least 20 percent of space heat energy use from the maximum permitted by the Northwest Energy Code, as amended. No more than 50 percent of the required savings may result from the installation of heat pumps. None of the required savings shall be achieved by reduction of glazing area below 15 percent of floor area. Energy use shall be expressed as allowable energy load per square foot or as total transmittance (UA).</p> | <p>0.15 bonus unit per benefit unit that achieves the required savings.</p>                     |
| <p>(ii) Benefit units that incorporate conservation features in the construction of all on-site dwelling units heated by natural gas, or other nonelectric heat source, that save at least 25 percent of space</p>   | <p>0.10 bonus unit per benefit unit that achieves the required savings.</p>                     |

| BENEFIT   | DENSITY INCENTIVE  |
|---|--|
| <p>heat energy use from the maximum permitted by the Northwest Energy Code, as amended. None of the required savings shall be achieved by reduction of glazing area below 15 percent of floor area. Energy use shall be expressed as allowable energy load per square foot or as total transmittance (UA).</p>  |  |
| <p>(iii) Developments located within one-quarter mile of transit routes served on at least a half-hourly basis during the peak hours and hourly during the daytime nonpeak hours.</p>   | <p>10 percent increase above the base density of the zone.</p> |
| <p>(e) PUBLIC ART.</p>  |  |
| <p>(i) Devoting one percent of the project budget to public art on-site.</p>  | <p>5 percent increase above the base density of the zone.</p>  |
| <p>(ii) Contributing one percent of the project budget to the City of Covington public art fund for development of art projects. The contribution shall be used for projects located within a one mile radius of the development project.</p>   | <p>5 percent increase above the base density of the zone.</p>  |
| <p>NOTE: If proposed energy conservation bonus units of this section are reviewed in conjunction with a subdivision or a short subdivision, the applicant shall provide data and calculations for a typical house of the type to be built in the development that demonstrates to the Department's satisfaction how the required savings will be achieved. A condition of approval shall be recorded with the plat and shown on the title of each lot specifying the required energy savings that must be achieved in the construction of the dwelling unit. The plat notation shall also specify that the savings shall be based on the energy code in effect at the time of preliminary plat application.</p> |  |

(Ord. 10-10 § 3 (Exh. C); Ord. 42-02 § 2 (21A.34.040))

### **18.90.050 Rules for calculating total permitted dwelling units.**

(1) The formula for calculating the total number of dwelling units permitted through RDI review is as follows:

|  |   |              |   |  |   |                     |
|--|---|--------------|---|--|---|---------------------|
| DUs<br>allowed by<br>RDI site<br>base<br>density | + | Bonus<br>DUs | + | DUs<br>allowed by<br>sending site<br>density (if<br>any) | = | TOTAL<br>RDI<br>DUs |
|--|---|--------------|---|--|---|---------------------|

(2) The total dwelling units permitted through RDI review shall be calculated using the following steps:

- (a) Calculate the number of dwellings permitted by the base density of the site in accordance with Chapter [18.30](#) CMC;
- (b) Calculate the total number of bonus dwelling units earned by providing the public benefits listed in CMC [18.90.040](#);
- (c) Add the number of bonus dwelling units earned to the number of dwelling units permitted by the base density;
- (d) Add the number of dwelling units permitted by the base density of the site sending TDCs, if any;
- (e) Round fractional dwelling units to the nearest whole number; .49 or less dwelling units are rounded down; and
- (f) On sites with more than one zone or zone density, the maximum density shall be calculated for the site area of each zone. Bonus units may be reallocated within the zones in the same manner set forth for base units in CMC [18.30.210](#). (Ord. 42-02 § 2 (21A.34.050))

### **18.90.060 Review process.**

- (1) All RDI proposals shall be reviewed concurrently with a primary proposal to consider the proposed site plan and methods used to earn extra density as follows:
  - (a) For the purpose of this section, a primary proposal is defined as a proposed subdivision, conditional use permit or commercial building permit;

(b) When the primary proposal requires a public hearing under this code or CMC Title [17](#), the public hearing on the primary proposal shall serve as the hearing on the RDI proposal, and the reviewing authority shall make a consolidated decision on the proposed development and use of RDI;

(c) When the primary proposal does not require a public hearing under this code or CMC Title [17](#), the RDI proposal shall be subject to the decision criteria for conditional use permits outlined in Chapter [18.125](#) CMC and to the procedures set forth in Chapter [14.30](#) CMC; and

(d) The notice for the RDI proposal also shall include the development's proposed density and a general description of the public benefits offered to earn extra density.

(2) RDI applications which propose to earn bonus units by dedicating real property or public facilities shall include a letter from the applicable City receiving agency certifying that the proposed dedication qualifies for the density incentive and will be accepted by the agency or other qualifying organization. (Ord. 10-10 § 3 (Exh. C); Ord. 42-02 § 2 (21A.34.060))

### **18.90.070 Minor adjustments in final site plans.**

When issuing building permits in an approved RDI development, the Department may allow minor adjustments in the approved site plan involving the location or dimensions of buildings or landscaping, provided such adjustments shall not:

- (1) Increase the number of dwelling units;
- (2) Decrease the amount of perimeter landscaping (if any);
- (3) Decrease residential parking facilities (unless the number of dwelling units is decreased);
- (4) Locate structures closer to any site boundary line; or
- (5) Change the locations of any points of ingress and egress to the site. (Ord. 42-02 § 2 (21A.34.070))

### **18.90.080 Applicability of development standards.**

(1) RDI developments shall comply with dimensional standards of the zone with a base density most closely comparable to the total approved density of the RDI development; provided, that an RDI proposal in the R-4 through R-18 zones shall conform to the height requirements of the underlying zone in which it is located.

(2) RDI developments in the R-4 through R-18 zones shall be landscaped as follows:

(a) When 75 percent or more of the units in the RDI development consists of townhouses or apartments, the development shall provide perimeter landscaping and tree retention in accordance with Chapter [18.40](#) CMC for townhouse or apartment projects.

- (b) When less than 75 percent of the units in the RDI consists of townhouses or apartments, the development shall provide landscaping and tree retention in accordance with Chapter [18.40](#) CMC for townhouses or apartments on the portion(s) of the development containing such units; provided, that if buildings containing such units are more than 100 feet from the development's perimeter, the required landscaping may be reduced by 50 percent.
- (c) All other portions of the RDI shall provide landscaping or retain trees in accordance with Chapter [18.40](#) CMC.
- (3) RDI developments in all other zones shall be landscaped or retain trees in accordance with Chapter [18.40](#) CMC.
- (4) RDI developments shall provide parking as follows:
- (a) Projects with 100 percent affordable housing shall provide one off-street parking space per unit. The Director may require additional parking, up to the maximum standards for attached dwelling units, which may be provided in common parking areas.
- (b) All other RDI proposals shall provide parking for:
- (i) Market rate/bonus units at levels consistent with Chapter [18.50](#) CMC; and
- (ii) Benefit units at 50 percent of the levels required for market rate/bonus units.
- (5) RDI developments shall provide on-site recreation space as follows:
- (a) Projects with 100 percent affordable housing shall provide recreation space at 50 percent of the levels required in Chapter [18.35](#) CMC.
- (b) All other RDI proposals shall provide recreation space for:
- (i) Market rate/bonus units at levels consistent with Chapter [18.35](#) CMC; and
- (ii) Benefit units at 50 percent of the levels required for market rate/bonus units. (Ord. 10-10 § 3 (Exh. C); Ord. 42-02 § 2 (21A.34.080))

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**The Covington Municipal Code is current through Ordinance 12-24, passed July 9, 2024.**

Disclaimer: The City Clerk's Office has the official version of the Covington Municipal Code. Users should contact the City Clerk's Office for ordinances passed subsequent to the ordinance cited above.

[City Website: www.covingtonwa.gov](http://www.covingtonwa.gov)

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**18.31.160 Maximum building height – Bonus features.**

Developments in the downtown zones are eligible to earn bonus building height. The building height incentive is expressed in Table 18.31.160 as additional bonus floors or stories earned by any combination of the listed bonus features provided. For 0.5-story bonuses, two such bonus features are needed to gain an additional floor in building height.

**Table 18.31.160. Building Height Bonus Options for Downtown Zones**

| <b>Bonus Feature</b>                            | <b>Building Height Bonus (stories)</b> | <b>Description, Additional Requirements and Limitations</b>   |
|---|--|---|
| Significant Public Plaza or Public Common Space | 2.0                                    | <p>(a) Permitted only in the TC zone at the discretion of the Director.</p> <p>(b) Location and design shall be consistent with the comprehensive plan and complimentary to any planned public plaza, park, or civic development.</p> <p>(c) Shall be a minimum of 4% of the gross floor area of the development and no less than 1,000 square feet.</p> <p>(d) The plaza or public common space shall integrate a decorative water feature equivalent to at least 0.5% of project construction cost. This bonus shall be in addition to the minimum public space requirement in <a href="#">CMC 18.31.420</a>.</p> |
| Other Public Plaza or Public Common Area        | 1.0                                    | <p>(a) Location and design shall be consistent with the comprehensive plan and any planned public plaza, park, or civic development.</p> <p>(b) Shall be a minimum of 2% of the gross floor area of the development and no less than 500 square feet.</p> <p>(c) This bonus shall be in addition to the minimum public space requirement in <a href="#">CMC 18.31.420</a>.</p>  |

**Table 18.31.160. Building Height Bonus Options for Downtown Zones**

| <b>Bonus Feature</b>        | <b>Building Height Bonus (stories)</b> | <b>Description, Additional Requirements and Limitations</b>  |
|-----------------------------|--|--|
| LEED Platinum Certification | 1.0                                    | (a) As certified by the USGBC.<br>(b) Applicant is responsible for providing LEED pre-certification submittal documentation and annotated checklist to the City. City will review documentation at the applicant's expense.<br>(c) An alternative but equivalent green building rating system and certification level may be substituted for LEED Platinum.<br>(d) Any approvals shall be a condition of approval and applied to any subsequent building permit for the development. |
| LEED Gold Certification     | 0.5                                    | (a) As certified by the USGBC.<br>(b) Applicant is responsible for providing LEED pre-certification submittal documentation and annotated checklist to the City. City will review documentation at the applicant's expense.<br>(c) An alternative but equivalent green building rating system and certification level may be substituted for LEED Gold.<br>(d) Any approvals shall be a condition of approval and applied to any subsequent building permit for the development.     |
| Exterior Art Element        | 0.5                                    | (a) Exterior art element shall be equivalent to at least 1% of the total value of the project's  |



**Table 18.31.160. Building Height Bonus Options for Downtown Zones**

| <b>Bonus Feature</b> | <b>Building Height Bonus (stories)</b> | <b>Description, Additional Requirements and Limitations</b>  |
|----------------------|--|--|
| Public Meeting Room  | 0.5                                    | <p>construction cost. Such elements include but are not limited to sculptures, bas-reliefs, metal work, and murals.</p> <p>(b) Documentation shall be provided verifying the construction value and the value of the art as appraised by an art appraiser.</p> <p>(c) Art elements shall be visible to the public at all times and will be reviewed and approved by an arts body designated by the City.</p> |
|                      |  | <p>(a) Permitted in the TC zone only.</p> <p>(b) A room or rooms available to the community for meetings and events. The size shall be a minimum of 1,000 square feet, with windows on at least one side and shall be directly accessible from the outside or by a controlled lobby that allows public access.</p> <p>(c) There shall be no fees imposed on user groups.</p>                                 |

(Ord. 08-21 § 3 (Exh. B))

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## Chapter 3.80

### MULTIFAMILY PROPERTY TAX EXEMPTION

Sections:

- 3.80.010 Purpose.**
- 3.80.020 Definitions.**
- 3.80.030 Residential target areas – Criteria – Designation.**
- 3.80.040 Tax exemption – Eligibility requirements.**
- 3.80.050 Application procedure.**
- 3.80.060 Application review and issuance of conditional certificate – Denial – Appeal.**
- 3.80.070 Extension of conditional certificate.**
- 3.80.080 Application for final certificate.**
- 3.80.090 Issuance of final certificate.**
- 3.80.100 Annual certification and report.**
- 3.80.110 Cancellation of tax exemption.**

#### **3.80.010 Purpose.**

As provided for in Chapter [84.14](#) RCW, the purpose of this chapter is to provide limited eight- or 12-year exemptions from ad valorem property taxation for qualified multifamily housing located in residential target areas to:

- (1) Encourage multifamily housing opportunities within the City;
- (2) Stimulate new construction for multifamily housing in specified zoning districts to increase and improve housing opportunities; and
- (3) Accomplish the planning goals required under the Growth Management Act, Chapter [36.70A](#) RCW, as implemented by the City's comprehensive plan.

Any one or a combination of these purposes may be furthered by the designation of a residential targeted area under this chapter. (Ord. 13-12 § 1 (Exh. 1); Ord. 05-12 § 1 (Exh. 1))

#### **3.80.020 Definitions.**

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

“Affordable housing” means the definition provided for in RCW [84.14.010](#).

“Director” means the Director of the City of Covington Department of Community Development, or his or her designee.

“Household” means the definition provided for in RCW [84.14.010](#).

“Low-income household” means the definition provided for in RCW [84.14.010](#).

“Mixed-use” means the definition provided for in Chapter [18.20](#) CMC.

“Moderate-income household” means the definition provided for in RCW [84.14.010](#).

“Multifamily housing” means one or more new multistory buildings designed for permanent residential occupancy, each with four or more dwelling units.

“Owner” means the property owner of record.

“Permanent residential occupancy” means the definition provided for in RCW [84.14.010](#).

“Residential targeted area” means an area within a mixed-use center that has been so designated by the City as lacking sufficient, available, desirable, and convenient residential housing to meet the needs of the public.

“Supportive services” means offering residents skills or aids for daily living including job training, child care, education, health, counseling, independent living abilities, peer support, and similar activities. (Ord. 08-21 § 6 (Exh. E); Ord. 13-12 § 1 (Exh. 1); Ord. 05-12 § 1 (Exh. 1))

### **3.80.030 Residential target areas – Criteria – Designation.**

(1) Following notice and public hearing as prescribed in RCW [84.14.040](#), the City Council may, in its sole discretion, designate one or more residential targeted areas. Each residential target area must meet the following criteria, as determined by the City Council:

- (a) The residential targeted area is within a designated mixed-use center;
- (b) The residential targeted area lacks sufficient available, desirable, and convenient residential housing, including affordable housing, to meet the needs of the public who would be likely to live in the mixed-use center if affordable, desirable, attractive, and livable residences were available; and
- (c) Providing additional housing opportunities, including affordable housing, in the residential targeted area will assist in achieving one or more of the following purposes:
  - (i) Encourage increased residential opportunities within the target area; or
  - (ii) Stimulate the construction of new multifamily housing; or
  - (iii) Encourage the rehabilitation of existing vacant and underutilized buildings for multifamily housing.

- (2) In designating a residential targeted area, the City Council may also consider other factors, including but not limited to:
- (a) Additional housing, including affordable housing units, in the residential targeted area will attract and maintain an increase in the number of permanent residents;
  - (b) An increased permanent residential population in the residential targeted area will help to achieve the planning goals mandated by the Growth Management Act under Chapter [36.70A](#) RCW, as implemented through the City's current and future comprehensive plans;
  - (c) Encouraging additional housing in the residential targeted area is consistent with public transportation plans; or
  - (d) Additional housing may contribute to revitalization of a distressed neighborhood or area within the City.
- (3) At any time the City Council may, by ordinance, and in its sole discretion, amend or rescind the designation of a residential targeted area pursuant to the same procedural requirements as set forth in this chapter for original designation.
- (4) The following areas are designated as residential targeted areas under this chapter:
- (a) Town center district (TC) as defined in CMC [18.15.080\(1\)](#).
  - (b) Mixed housing/office district (MHO) as defined in CMC [18.15.080\(4\)](#).
  - (c) R-18 (multifamily residential) zone as defined in CMC [18.15.050\(1\)\(b\)](#).
- (5) If a part of any legal lot is within a designated residential targeted area then the entire lot shall be deemed to lie within such residential targeted area. Property located outside of, but adjacent to, the described areas is not designated as residential targeted areas. (Ord. 13-12 § 1 (Exh. 1); Ord. 05-12 § 1 (Exh. 1))

### **3.80.040 Tax exemption – Eligibility requirements.**

- (1) *Eight-Year Exemption Project Eligibility.* A project must meet all of the following requirements for consideration for an eight-successive-year ad valorem property tax exemption on the value of the improvements qualifying under this chapter beginning January 1st of the year immediately following the calendar year after issuance of the final certificate of tax exemption:
- (a) *Location.* The project must be located within one of the residential target areas as designated in CMC [3.80.030](#).
  - (b) *Size.* The project must be multifamily housing consisting of at least four dwelling units within a multistory residential structure or mixed-use development. For new construction, a minimum of four new units must be constructed. For projects converting or rehabilitating existing multifamily housing, at least four 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 four units of new, converted, or rehabilitated multifamily housing.

(c) *Permanent Residential Occupancy Requirement.* At least 50 percent of the space in new, converted, or rehabilitated multifamily housing must be for permanent residential occupancy.

(d) *Town Center District Diversity of Multifamily Unit Types.* In addition to the other requirements in this subsection, projects located in the town center (TC) district shall be located in a multistory, mixed-use structure, as described in CMC 18.31.080, and shall provide a mix of apartment types and sizes for a variety of household types according to the following standards:

(i) A minimum of 50 percent of the total units shall vary in size from other units by at least 250 square feet; or no more than 50 percent of the total planned units shall have the same number of bedrooms.

(ii) In multifamily developments with 18 units or more, no more than 60 percent of the units may be studios or one-bedroom units.

(e) The project shall be designed to meet the LEED Silver Standard at time of building permit submission as established by the U.S. Green Building Council (USGBC).

(f) *Completion Deadline.* New construction of multifamily housing and rehabilitation improvements must be scheduled to be completed within three years from the date of approval of the application, or within an extension of this time limit as authorized by the Director.

(g) *Compliance With Guidelines and Standards.* The project must comply with the City's comprehensive plan, zoning, environment, and building codes and any other applicable regulations in effect at the time the application is approved.

(h) *Vacancy Requirement.* Existing dwelling units proposed for rehabilitation must have been unoccupied for a minimum of 12 months prior to submission of application and shall fail to comply with one or more requirements of the building code as set forth in CMC Title [15](#). 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 the most recent occupancy.

(2) *Twelve-Year Exemption Project Eligibility.* A proposed project must meet all of the following requirements for consideration for a 12-successive-year ad valorem property tax exemption on the value of the improvements qualifying under this chapter beginning January 1st of the year immediately following the calendar year after issuance of the final certificate of tax exemption:

(a) All requirements set forth in subsection [\(1\)](#) of this section; and

(b) The applicant must commit to designating 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 and any additional affordability and income eligibility conditions adopted by the City under this chapter. The total number of qualifying affordable housing units shall not exceed 30 percent of the total number of housing units within the same project. Provided, however, projects may contain up to 40 percent

of the total number of housing units in the same project as affordable housing if the development includes supportive services on site, including but not limited to at least one of the following services: daycare, health care, employment counseling, business incubator space, or other supportive services for on-site residents. Projects including supportive services shall demonstrate they have consulted with a nonprofit or public agency to design a space suited to the proposed services. Projects intended exclusively for owner occupancy may meet this standard through housing affordable to moderate-income households.

(i) If calculations for the minimum 20 percent of the multifamily housing units required under this subsection [\(2\)](#) result in a fraction, then the minimum number of multifamily housing units for affordable housing shall be rounded up to the next whole number.

(ii) In projects granted 12-year exemptions, housing units identified for households with low, affordable, or moderate annual income shall continue to be made available to low, affordable, or moderate households for the length of the exemption period.

(c) The mix and configuration of housing units (e.g., studio, one-bedroom, two-bedroom) used to meet the requirement for affordable units under this subsection shall be substantially proportional to the mix and configuration of the total housing units in the project.

(d) When a project includes more than one building with multifamily housing units, all of the affordable housing units required in this subsection must not be located in the same building.

(e) The project shall be designed and constructed to meet the LEED Silver Standard at time of building permit submission as established by the U.S. Green Building Council (USGBC).

(3) *Limits on Exemption.* The exemption does not apply to the value of land or to the value of improvements not qualifying under this chapter, 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 chapter.

(4) *Conclusion of Exemption.* At the conclusion of the exemption period, any new housing costs shall be considered as new construction for the purposes of Chapter [84.55](#) RCW. (Ord. 08-21 § 6 (Exh. E); Ord. 13-12 § 1 (Exh. 1); Ord. 05-12 § 1 (Exh. 1))

### **3.80.050 Application procedure.**

A property owner who proposes a project for a tax exemption under this chapter shall complete the following procedures:

(1) A complete application, on a form established by the Director, shall be filed with the City prior to issuance of a building permit for the project. The application shall be accompanied by the required fee as set forth in the City's current fee resolution.

(2) The application shall contain such information as deemed necessary by the Director, including:

- (a) A brief written description of the project including timing and construction schedule setting forth the grounds for the exemption.
- (b) Floor and site plans of the proposed project, which may be revised by the owner, provided such revisions are made and presented to the Director prior to the City's final action on the exemption application.
- (c) If applying for a 12-year exemption, it shall include information describing how the applicant will comply with the affordability requirements set forth in CMC [3.80.040\(2\)](#).
- (d) A statement from the owner acknowledging the potential tax liability when the project ceases to be eligible for exemption under this chapter.
- (e) An affidavit signed by the owner stating the occupancy record of the property for a period of 12 months prior to filing the application.
- (f) Verification of the correctness of the information submitted by the owner's signature and affirmation made under penalty of perjury under the laws of the State of Washington. (Ord. 13-12 § 1 (Exh. 1); Ord. 05-12 § 1 (Exh. 1))

### **3.80.060 Application review and issuance of conditional certificate - Denial – Appeal.**

- (1) *Director's Decision.* The Director may certify as eligible an application that is determined to comply with the requirements of this chapter. A decision to approve or deny an application shall be made within 90 calendar days of receipt of a complete application.
- (2) *Contract Required.*
  - (a) If an application is approved, the applicant shall enter into a contract with the City, subject to approval by the City Council in the form of a resolution, regarding the terms and conditions of the project and eligibility for exemption under this chapter. This contract shall be a covenant running with the land and shall be binding on the assigns, heirs, and successors of the applicant.
  - (b) For any development project including owner-occupied units, the contract with the City shall also require that an owners association organized under RCW [64.34.300](#) be formed for all owner-occupied units within the development for the length of the exemption period granted to assume the responsibility for collecting the necessary information and documents from all individual unit owners to complete the annual reporting requirements and for filing the required annual report with the City for each of the individual homeowners pursuant to CMC [3.80.100](#).
- (3) *Issuance of Conditional Certificate.* Upon City Council approval of the contract, the Director shall issue a conditional certificate of acceptance of tax exemption. The conditional certificate shall expire three years from the date of City Council approval unless an extension is granted as provided in this chapter.



(4) *Application Denial.* If an application is denied, 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 10 calendar days of issuance of the denial.

(5) *Application Appeal.* Per RCW [84.14.070](#), an applicant may appeal a denial to the City Council within 30 calendar days of receipt of the denial by filing a complete appeal application and appeal fee, as set forth in the City's current fee resolution, with the City Clerk. The appeal before the City Council shall be based on the record made before the Director. The Director's decision shall 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 is final.

(6) *Amendment of Contract.* Within three years of the date from the City Council's approval of the contract, an owner may request an amendment(s) to the contract by submitting a request in writing to the Director. The fee for an amendment is as set forth in the City's current fee resolution. The Director shall have authority to approve minor changes to the contract that are reasonably within the scope and intent of the contract approved by the City Council. Amendments that are not reasonably within the scope and intent of the approved contract, as determined by the Director, shall be submitted to the City Council for review. The date for expiration of the conditional certificate shall not be extended by contract amendment unless all the conditions for extension set forth in CMC [3.80.070](#) are met. (Ord. 13-12 § 1 (Exh. 1); Ord. 05-12 § 1 (Exh. 1))

### **3.80.070 Extension of conditional certificate.**

(1) The Director may approve an extension to the conditional certificate and time of completion of the project for a period not to exceed a total of 24 consecutive months. To obtain an extension, the applicant must submit a written request stating the justification for the extension together with a processing fee as set forth in the City's current fee resolution. An extension may be granted if the Director determines that:

- (a) The anticipated failure to complete construction within the required time period is due to circumstances beyond the control of the owner;
- (b) The owner has shown good faith progress 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.

(2) If an extension is denied, the Director shall state in writing the reason for denial and shall send notice to the applicant's last known address within 10 calendar days of issuance of the denial. An applicant may appeal the denial of an extension to the Hearing Examiner within 14 calendar days of receipt of the denial by filing a complete appeal application and Hearing Examiner appeal fee with the City Clerk. The appeal before the Hearing Examiner shall be as provided in Chapter [14.45](#) CMC. No appeal to the City Council is provided from the Hearing Examiner's decision. (Ord. 13-12 § 1 (Exh. 1); Ord. 05-12 § 1 (Exh. 1))

### **3.80.080 Application for final certificate.**

Upon completion of the improvements or new construction agreed upon in the contract between the applicant and the City, and upon issuance of a temporary or permanent certificate of occupancy, the applicant may request a final certificate of tax exemption by filing with the Director such information as the Director may deem necessary or useful to evaluate the eligibility for the final certificate. The application shall include the fee as set forth on the City's current fee resolution and the following:

- (1) A statement of expenditures made with respect to each multifamily housing unit and the total expenditures made with respect to the entire property;
- (2) A description of the completed work and a statement of qualification for the exemption;
- (3) The total monthly rent or total sale amount of each multifamily housing unit rented or sold to date;
- (4) Any additional information requested by the City pursuant to meeting any reporting requirements under Chapter [84.14](#) RCW;
- (5) A statement that the work was completed within the required three-year period or any authorized extension; and
- (6) If a 12-year exemption, information on the applicant's compliance with the affordability requirements of this chapter. (Ord. 13-12 § 1 (Exh. 1); Ord. 05-12 § 1 (Exh. 1))

### **3.80.090 Issuance of final certificate.**

(1) *Director's Decision.* Within 30 calendar days of receipt of all materials required for a final certificate, the Director shall determine whether the work completed and the affordability of the units, if applicable, satisfy the requirements of the application and the conditional contract approved by the City and is qualified for a limited tax exemption under Chapter [84.14](#) RCW. The City shall also determine which specific improvements completed meet the intent of this chapter and the required findings of RCW [84.14.060](#).

(2) *Granting of Final Certificate.* If the Director determines that the project has been completed in accordance with this chapter and the contract between the applicant and the City and has been completed within the authorized time period the City shall, within 10 calendar days of the expiration of the 30-day review period above, file a final certificate of tax exemption with the King County Assessor.

(3) *Recording.* The Director is authorized to cause to be recorded, at the owner's expense, in the real property records of the King County Department of Records and Elections, the contract with the City, as amended if applicable, and such other document(s) as will identify such terms and conditions of eligibility for exemption under this chapter as the Director deems appropriate for recording, including requirements under this chapter relating to affordability of units.

(4) *Denial.* The Director shall notify the applicant in writing that a final certificate will not be filed if the Director determines that:

- (a) The improvements were not completed within the authorized time period; or
- (b) The improvements were not completed in accordance with the contract between the applicant and the City; or
- (c) The owner's property is otherwise not qualified under this chapter.

(5) *Appeal.* An applicant may appeal a denial of a final certificate to the Hearing Examiner within 14 calendar days of issuance of the denial by filing a complete appeal application and Hearing Examiner appeal fee with the City Clerk. The appeal before the Hearing Examiner shall be as provided in Chapter [14.45](#) CMC. No appeal to the City Council is provided from the Hearing Examiner's decision. (Ord. 13-12 § 1 (Exh. 1); Ord. 05-12 § 1 (Exh. 1))

### **3.80.100 Annual certification and report.**

A property that receives a tax exemption under this chapter shall continue to comply with the approved contract and the requirements of this chapter in order to retain its property tax exemption. Within 30 calendar days after the first anniversary of the date the City issued the final certificate of tax exemption and each year thereafter for the duration of the tax exemption period, the property owner shall file a notarized declaration and annual report with the Director indicating the following:

- (1) A statement of occupancy and vacancy of the multifamily units during the previous 12 months;
- (2) A certification that the property has not changed use and continues to be in compliance with the contract with the City and this chapter;
- (3) A description of any subsequent improvements or changes to the property made after the City issued the final certificate of tax exemption;
- (4) The total monthly rent of each multifamily housing unit rented or the total sale amount of each unit sold during the 12 months ending with the anniversary date;
- (5) A breakdown of the number, type, and specific multifamily housing units rented or sold during the 12 months ending with the anniversary date;
- (6) If granted a 12-year exemption, information demonstrating the owner's compliance with the affordability requirements of this chapter, including, but not limited to, the income of each renter household at the time of initial occupancy or the income of each purchaser of owner-occupied units at the time of purchase;
- (7) The value of the tax exemption for the project; and
- (8) Any additional information requested by the City pursuant to meeting any reporting requirements under Chapter [84.14](#) RCW.

City staff may also conduct on-site verification of the declaration and reporting. Failure to submit the annual declaration and report may result in cancellation of the tax exemption and shall result in a review of the exemption per RCW [84.14.110](#). (Ord. 13-12 § 1 (Exh. 1); Ord. 05-12 § 1 (Exh. 1))

### **3.80.110 Cancellation of tax exemption.**

- (1) Cancellation of the tax exemption may result if the Director determines that:
  - (a) The owner is not complying with the terms of the contract or this chapter;
  - (b) The use of the property is changed or will be changed to a use that is other than residential;
  - (c) The project violates applicable zoning requirements, land use regulations, building or fire code requirements; or
  - (d) The owner fails to submit the annual declaration and report specified in CMC [3.80.100](#).
- (2) If the property no longer qualifies for the tax exemption, the tax exemption shall be canceled and the King County Assessor shall comply with applicable State law to impose additional taxes, interest, and penalties on the property, and a priority lien may be placed on the land pursuant to State law.
- (3) Cancellation may occur in conjunction with the annual review or at any such time noncompliance has been determined.
- (4) If the owner intends to convert the multifamily housing to another use, the owner shall notify the Director and the King County Assessor in writing within 60 calendar days of the change in use. Upon such change in use, the tax exemption shall be canceled and additional taxes, interest, and penalties shall be imposed pursuant to State law.
- (5) *Notice and Appeal.* Upon determining that a tax exemption is to be canceled, the Director shall notify the owner by mail, return receipt requested. The owner may appeal the determination by filing a notice of Hearing Examiner appeal and appeal fee with the City Clerk within 30 calendar days, specifying the factual and legal basis for the appeal. The Hearing Examiner will conduct a hearing pursuant to Chapter [14.45](#) CMC. (Ord. 13-12 § 1 (Exh. 1); Ord. 05-12 § 1 (Exh. 1))

**The Covington Municipal Code is current through Ordinance 12-24, passed July 9, 2024.**

Disclaimer: The City Clerk's Office has the official version of the Covington Municipal Code. Users should contact the City Clerk's Office for ordinances passed subsequent to the ordinance cited above.

[City Website: www.covingtonwa.gov](http://www.covingtonwa.gov)

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