



Commercial Office Incentive

DRAFT CODE

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This draft code adds a new chapter to Tacoma Municipal Code (TMC), Title 13 – Land Use regulatory Code:

Chapter 13.___ – Commercial Office Incentive

13.___.010 – Definitions

13.___.020 – Applications

13.___.030 – Acceptance or Denial

13.___.040 – Commercial Office Development Public Improvement Fund

13.___.050 – Change in Ownership

Chapter 13.__ – COMMERCIAL OFFICE INCENTIVES

13.__.010 Definitions.

(1) "Commercial office space" means a high quality building or buildings in the local market, meeting _____ standards. High quality must be reflected in the finishes, construction, and infrastructure of the project building. The building or buildings must be at least fifty thousand square feet, and at least three stories. The building must be located in a designated commercial office space development area, provide close access to available public transportation and freeways, be managed professionally, and offer amenities and advanced technology options to tenants.

(2) "Commercial office space development area" means an area that has been designated by the City Council as a commercial office space development area.

(3) "Family living wage job" means a job with a wage that is sufficient for raising a family. A family living wage job must have an average wage of eighteen dollars an hour or more, working two thousand eighty hours per year, as adjusted annually by the consumer price index.

(4) "Operationally complete" means that a certificate of occupancy has been issued for the building.

(5) "Public improvement" means infrastructure improvements to be owned by a public entity within the commercial office space development area that include:

- (a) Street, road, bridge, and rail construction and maintenance;
- (b) Water and sewer system construction and improvements;
- (c) Sidewalks, streetlights, landscaping, and streetscaping;
- (d) Parking, terminal, and dock facilities;
- (e) Park and ride facilities of a transit authority;
- (f) Park facilities, recreational areas, and environmental remediation;
- (g) Stormwater and drainage management systems;
- (h) Seismic improvements to buildings eligible for or eligible for listing in the Washington state register of historic places (RCW1327.34.220) or the national register of historic places as defined in the national historic preservation act of 1966 (Title 1, Sec. 101, 15 P.L. 89-665; 80 Stat. 915; 16 U.S.C. Sec. 470) as now or hereafter amended;
- (i) Electric, gas, fiber, and other utility infrastructures; and
- (j) Expenditures for any of the following purposes:
 - (i) Providing environmental analysis, professional management, planning, and promotion within the commercial office space development area; and
 - (ii) Providing maintenance and security for common or public areas in the commercial office space development area.

(6) "Public improvement costs" means the costs of:

- (a) Design; planning; acquisition, including land acquisition; site preparation, including land clearing; construction; reconstruction; rehabilitation; improvements; and installation of public improvements;

- (b) Demolishing, relocating, maintaining, and operating property pending construction of public improvements;
- (c) Relocating utilities as a result of public improvements;
- (d) Financing public improvements, including interest during construction; legal, and other professional services; taxes; insurance; principal and interest costs on general indebtedness issued to finance public improvements; and any necessary reserves for general indebtedness; and
- (e) Administrative expenses and feasibility studies reasonably necessary and related to these costs, including related costs that may have been incurred before adoption of the ordinance authorizing the public improvements and use of funds deposited into the commercial office development public improvement fund.

(7) "Qualifying project" means new construction or rehabilitation of a building or group of buildings intended for use as commercial office space. A "qualifying project" may include mixed-use buildings, not solely intended to be used as office space, but does not include any portion of a project intended for residential use or noncommercial use. A "qualifying project" may include new construction, or rehabilitation of an existing building, which included an area intended to be used for childcare facilities at or near the commercial office space. "Qualifying project" does not include the land associated with the new construction or rehabilitation.

(8) "Rehabilitation" and "rehabilitation improvements" means modifications to an existing building or buildings made to achieve substantial improvements such that the building or buildings can be categorized as commercial office space.

(9) "Rehabilitation improvements" means modifications to an existing building or buildings made to achieve substantial improvements such that the building or buildings can be categorized as commercial office space.

13.__.020 Applications.

(1) Sales and use tax remittance. An owner of a qualifying project must, in a form prescribed by the City, submit an application to the City which must include:

- (a) Whether the qualifying project is located within a commercial office space development area, in accordance with this chapter;
- (b) Whether the qualifying project meets the definition of a qualifying project;
- (c) The number of family living wage jobs estimated to be generated by the qualifying project;
- (d) A description of the qualifying project, including a physical description of proposed building or buildings including estimated square footage, number of floors, and a list of features and amenities;
- (e) The cost of construction or rehabilitation, and length of time that the qualifying project will be under construction;
- (f) Whether the qualifying project is or will be, at the time of completion, in conformance with all local plans and regulations that apply at the time the application is approved; and
- (g) A statement that the qualifying project is not anticipated to be used for the purpose of relocating a business from outside of the commercial office space development area, but within the state, to within the commercial office space development area. This does not exclude the

incentives authorized under this chapter from being used for the expansion of a business, including the development of additional offices or satellite facilities.

(h) A written agreement for the use of the local sales and use tax remittance from any taxing authority that imposes a sales or use tax under chapter 82.14 RCW or RCW 81.104.170. The agreement must be authorized by the governing body of such participating taxing authorities. If a taxing authority does not provide a written agreement, the sales and use tax for that taxing authority may not be remitted and the revenue may not be estimated in the application.

(2) Property tax reinvestment. If the applicant seeks approval the qualifying project for a property tax reinvestment, the application must also include:

(a) A written agreement of the participation of any taxing authority that collects a local property tax allocation. The agreement must be authorized by the governing body of such participating local taxing authorities. If a taxing authority does not provide written agreement, the local property tax for that taxing authority may not be remitted to the City that established a commercial office development public improvement fund;

(b) An estimated amount of property tax to be deposited into a commercial office development public improvement fund resulting from the qualifying project; and

(c) A prioritized list of public improvements that support the development of the qualifying project, and the estimated public improvement costs.

13.030 Acceptance or Denial.

(1) The City may approve the application if it finds that:

(a) The proposed qualifying project meets the criteria as defined by the City in this chapter;

(b) The proposed qualifying project is or will be, at the time of completion, in conformance with all local plans and regulations that apply at the time the application is approved;

(c) The owner has complied with all standards and guidelines adopted by the City;

(d) The site is located in a commercial office space development area that has been designated by the City Council;

(2) If the application is approved, the City will issue the owner of the property a conditional certificate of acceptance of the project for the sales and use tax remittance and participation in a property tax reinvestment program.

(3) If the application is denied by the City, the City must state in writing the reasons for denial and send the notice to the applicant at the applicant's last known address within ten days of the denial.

(4) Upon denial an applicant may appeal the denial to the City Council within thirty days after receipt of the denial. The appeal before the City Council must be based upon the record made before the administrative official or committee with the burden of proof on the applicant to show that there was no substantial evidence to support the administrative official's or committee's decision. The decision of the City Council in denying or approving the application is final.

13.__.040 – Commercial Office Development Public Improvement Fund

(1) Once the City approves an application¹ for a qualifying project to participate in a property tax reinvestment program, the City must deposit into a commercial office development public improvement fund, the equivalent of the City's share of the ad valorem property taxation on the value of new construction and rehabilitation improvements of real property for qualifying projects under this chapter for a period of ten successive years beginning January 1st of the calendar year immediately following the calendar year in which the application is initially approved.

(2) For a period of ten successive years beginning January 1st of the calendar year immediately following the calendar year in which the application is initially approved, taxing districts participating under this section that provide a written agreement under section of this act must transfer to the City an amount equivalent to the portion of the taxing district's ad valorem property tax on the value of new construction and rehabilitation improvements of real property for qualifying projects for the City to deposit into a commercial office development public improvement fund.

(3) The City may only make expenditures from the commercial office development public improvement fund that:

- (a) Are to construct the public improvement that was identified in the approved application, requesting the property tax reinvestment;
- (b) Transfer funding to the project applicant to construct the public improvement and transfer ownership of the public improvement to a public agency; and
- (c) Meet any additional criteria established in this chapter.

(2) The City and the project applicant must enter into a written agreement outlining the specifics of the public improvement, associated public improvement costs, responsible parties, and any other information required by the City.

13.__.050 – Change in Ownership

If a qualifying project participating in the property tax reinvestment program under this chapter changes ownership, the property continues to qualify for the reinvestment, if the new owner complies with all of the application requirements, procedures, terms, conditions, and reporting requirements under this chapter, and meets all of the criteria established by the City.