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ORDINANCE NO. 4973

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ELLENSBURG,  
WASHINGTON RELATING TO CHAPTER 2.30 MULTIFAMILY TAX INCENTIVES AND  
AMENDING SECTIONS 2.30.010, 2.30.015, 2.30.030, AND 2.30.100 OF THE  
ELLENSBURG CITY CODE

WHEREAS, Chapter 84.14 RCW authorizes local government to adopt multi-unit housing guidelines and designate residential targeted areas for the purpose of qualifying for certain ad valorem tax exemptions; and

WHEREAS, the Ellensburg City Council finds that amending the existing multifamily housing tax incentive code in accordance with Chapter 84.14 RCW provides options for affordable housing to qualify, and to provide more detail as to the process in reviewing, approving and monitoring the special ad valorem tax exemption, and

WHEREAS, the Washington State Department of Commerce has issued Multifamily Tax Exemption (MFTE) guidance in October 2022 including best practice recommendations and examples; and

WHEREAS, streamlined reporting benefits participating property owners and city staff, NOW, THEREFORE, the City Council of the City of Ellensburg, Washington does hereby ordain as follows:

**Section 1. Section 2.30.010 of the Ellensburg City Code, as last amended by section 2 of Ordinance 4887 is hereby amended to read as follows:**

**2.30.010 Purpose.**

The purpose of this chapter is to provide limited exemptions from ad valorem property taxation for multifamily housing in the downtown area and is intended to:

- A. Encourage increased residential opportunities within the central commercial zone as defined by ECC 15.300.020 (official zoning map) and ECC 15.300.060(B)(2) and (B)(3);
- B. Stimulate new construction or rehabilitation of existing vacant and underutilized buildings for multifamily housing in the central commercial zones to increase and improve housing opportunities; and
- C. Assist in directing future population growth to the central commercial zones, thereby reducing development pressure on othersingle-family residential neighborhoods.

(Ord. 4887 § 2, 2022; Ord. 4885 § 1, 2022; Ord. 4678 § 1, 2014; Ord. 4488 § 4, 2007)

**Section 2. Section 3.30.015 of the Ellensburg City Code, as last amended by section 2 of Ordinance 4885 is hereby amended to read as follows:**

**2.30.015 Definitions.**

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

*Affordable housing* means residential housing that is rented by a person or household whose monthly housing costs, including utilities other than telephone, do not exceed 30 percent of the household's monthly income. For the purposes of housing intended for owner occupancy, "affordable housing" means residential housing that is within the means of low or moderate-income households.

*Director* means the city of Ellensburg community development director or his/her designee.

*Household* means a single person, family, or unrelated persons living together.

*Low-income household* means a single person, family, or unrelated persons living together whose adjusted income is at or below 80 percent of the median family income adjusted for family size, for the county, city, or metropolitan statistical area where the project is located, as reported by the United States Department of Housing and Urban Development.

*Moderate-income household* means a single person, family, or unrelated persons living together whose adjusted income is more than 80 percent but is at or below 115 percent of the median family income adjusted for family size, for the county, city, or metropolitan statistical area where the project is located, as reported by the United States Department of Housing and Urban Development.

*Multifamily Multiple-unit housing* means a building or a group of buildings having four or more dwelling units not designed or used as transient accommodations and not including hotels and motels. Multifamily units may result from new construction or rehabilitated or conversion of vacant, underutilized, or substandard buildings to multifamily housing.

*Owner* means the property owner of record.

*Permanent residential occupancy* means multiunit housing that provides either rental or owner occupancy on a nontransient basis. This includes owner-occupied or rental accommodation that is leased for a period of at least one month. This excludes hotels and motels that predominately offer rental accommodation on a daily or weekly basis.

*Rehabilitation improvements* means modifications to existing structures, that are vacant for 12 months or longer, that are made to achieve a condition of substantial compliance with existing building codes or modification to existing occupied structures which increase the number of multifamily housing units.

*Residential targeted area* means an area within an urban center that has been designated by the governing authority as a residential targeted area in accordance with this chapter. With respect to designations after July 1, 2007, "residential targeted area" may not include a campus facilities master plan.

*Substantial compliance* means compliance with local building or housing code requirements that are typically required for rehabilitation as opposed to new construction.

(Ord. 4885 § 2, 2022; Ord. 4678 § 2, 2014)

**Section 3. Section 2.30.030 of the Ellensburg City Code, as last amended by section 4 of Ordinance 4678 is hereby amended to read as follows:**

**2.30.030 Terms of the tax exemptions for multifamily housing in residential target areas.**

A. *Duration of exemption.* The value of new housing construction, conversion, and rehabilitation improvements qualifying under this section is exempt from ad valorem property taxation, as follows:

1. For eight successive years beginning January 1 of the year immediately following the calendar year of issuance of the final certificate; or
2. For 12 successive years beginning January 1 of the year immediately following the calendar year of issuance of the final certificate, if the property otherwise qualifies for the exemption and meets the conditions in this subsection. For the property to qualify for the 12-year exemption under this subsection, the applicant must commit to renting or selling 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. ~~In the case of projects intended exclusively for owner occupancy, the minimum requirement of this subsection may be satisfied solely through housing affordable to moderate-income households.~~

B. *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 improvement construction prior to submission of the completed application required under this chapter.

(Ord. 4678 § 4, 2014; Ord. 4488 § 4, 2007)

**Section 4. Section 2.30.100 of the Ellensburg City Code, as last amended by section 8 of Ordinance 4678 is hereby amended to read as follows:**

**2.30.100 Annual compliance review.**

A. Within 30 days after the first anniversary of the date of filing the final certificate of tax exemption, and each year thereafter for the tax exemption period, the property owner shall file an annual report with the director indicating the following:

1. A statement of occupancy and vacancy of the multifamily units during the previous year ending with the anniversary date;
2. A certification that the property continues to be in compliance with the contract with the city, including that it has not changed use, and, if applicable, that the property has been in compliance with the affordable housing definition, as provided in ECC 2.30.015, since the date of the certificate approved by the city;
3. A description of any subsequent improvements or changes to the property after issuance of the certificate of tax exemption;
4. The total monthly rent or total sale amount of each unit produced; and
5. For 12-year exemptions only, tThe income of each renter household at the time of initial occupancy and the income of each initial purchaser of owner-occupied units at the time of purchase for each of the units receiving a tax exemption.

B. City staff may shall also conduct on-site verification of the annual report. Failure to submit the annual report may result in the tax exemption being canceled.

(Ord. 4678 § 8, 2014; Ord. 4488 § 4, 2007)

**Section 5.** Severability. If any portion of this ordinance is declared invalid or unconstitutional by any court of competent jurisdiction, such holding shall not affect the validity of the remaining portion(s) of this ordinance.

**Section 6.** Corrections. Upon the approval of the City Attorney, the City Clerk and the codifiers of this ordinance are authorized to make necessary corrections to this ordinance including but not limited to, the correction of scrivener's/clerical errors, references, ordinance numbers, sections/subsections numbers and any references thereto.

**Section 7.** Effective Date. This ordinance shall take effect and be in full force five (5) days after its passage, approval and publication.

The foregoing ordinance was passed and adopted at a regular meeting of the City Council on the 20th day of October, 2025.



MAYOR

ATTEST:



CITY CLERK

Approved as to form:



CITY ATTORNEY

Publish: 10-23-2025

I, Beth Leader, City Clerk of said City do certify that Ordinance No. 4973 is a true and correct copy of said Ordinance of like number as the same was passed by said Council and that Ordinance No. 4973 was published as required by law.

A handwritten signature in blue ink that reads "Beth Leader". The signature is fluid and cursive, with "Beth" on the first line and "Leader" on the second line, which ends with a small flourish.

BETH LEADER