

CITY OF SEATTLE
ORDINANCE 126792
COUNCIL BILL 120516

AN ORDINANCE relating to the Multifamily Housing Property Tax Exemption Program; amending Section 5.73.090 of the Seattle Municipal Code to allow extension of tax exemptions scheduled to expire at the end of 2023; and amending Section 5.73.120 of the Seattle Municipal Code to extend the program’s sunset date to December 31, 2024.

WHEREAS, chapter 84.14 RCW authorizes local jurisdictions to provide 12-year multifamily property tax exemptions if, at a minimum, the owner agrees to meet the locally adopted affordability requirements for new projects, consistent with chapter 84.14 RCW, as applicable at the time of application for an exemption; and

WHEREAS, chapter 84.14 RCW authorizes local jurisdictions to extend multifamily property tax exemptions for an additional 12 years if, at a minimum, the owner agrees to satisfy locally adopted requirements that are no less restrictive than those for new projects receiving a property tax exemption, as applicable at the time of application for an extension; and

WHEREAS, chapter 84.14 RCW states that requirements for a multifamily property tax exemption should be relative to the size of the project and value of the property owner’s tax benefit; and

WHEREAS, Chapter 5.73 of the Seattle Municipal Code, 2004 Multifamily Housing Property Tax Exemption Program (“MFTE Program”), was adopted by Ordinance 121415 and amended by Ordinances 121700, 121915, 122730, 123550, 123727, 124724, 124877, 124919, 125932, 126278, 126392, and 126443; and

1 WHEREAS, under certain conditions, the MFTE Program currently authorizes extended tax
2 exemptions for properties for which tax exemptions expire on either December 31, 2021
3 or December 31, 2022; and

4 WHEREAS, MFTE expires on December 31, 2023 for five for-profit owned properties, in which
5 143 of approximately 700 total units have income and rent restrictions; and

6 WHEREAS, unless extended by the City Council by ordinance, the MFTE Program sunsets on
7 December 31, 2023; NOW, THEREFORE,

8 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

9 Section 1. Section 5.73.090 of the Seattle Municipal Code, last amended by Ordinance
10 126443, is amended as follows:

11 **5.73.090 Exemption—Duration—Limits**

12 * * *

13 D. Extended property tax exemption

14 1. As authorized by RCW 84.14.020(6), the Director may approve an extended
15 exemption of the value of renter-occupied multifamily housing qualifying under this Chapter
16 5.73 from ad valorem property taxation for up to a total of 12 successive years beginning January
17 1 of the year immediately following the calendar year that the original 12-year exemption expires
18 according to subsection 5.73.090.A if((

19 ~~a. The~~) the owner is in compliance with the MFTE agreement for the
20 property's initial 12-year exemption from property taxes for the multifamily housing according
21 to subsection 5.73.090.A and that exemption expires on ((~~December 31, 2021, or December 31,~~
22 ~~2022;~~) December 31, 2023, provided that:

1 ~~((b))~~a. A written request for an extended exemption is received by the
2 Office of Housing no later than June 30, 2023; and (~~(:~~

3 1) ~~For properties with exemptions scheduled to expire on~~
4 ~~December 31, 2021, no later than 30 days from October 27, 2021, and~~

5 2) ~~For properties with exemptions scheduled to expire on~~
6 ~~December 31, 2022, between September 30, 2021, and March 31, 2022; and))~~

7 ~~((e))~~b. The written request includes:

8 1) A brief written description of the project and a plan set that
9 includes gross floor area by use, site plan, and standard floor plans for units in the multifamily
10 housing;

11 2) For each residential unit in the multifamily housing, the unit
12 number, floor plan, net unit area measured in square feet, location by floor level, location by
13 building if the multifamily housing consists of multiple structures, ~~((and))~~ status as either a
14 market-rate unit or MFTE unit, occupancy status, and current rent (according to the lease if
15 occupied or asking rent if vacant), all in a form as prescribed by the Office of Housing;

16 3) ~~((Current))~~ A copy of the current rent roll for the multifamily
17 housing;

18 4) ~~((For each residential unit in the multifamily housing, start date~~
19 ~~and end date of each lease and, for vacant units, the date the unit was vacated;~~

20 5) ~~A copy of the most recent property tax statement for the~~
21 ~~multifamily housing;~~

22 6)) A statement from the owner acknowledging the potential tax
23 liability of the multifamily housing;

1 ((7))5) A recent title report documenting the legal description and
2 ownership of the property that includes the multifamily housing, documentation satisfactory to
3 the Director of the type and organizational structure of the owner, a sample signature block for
4 the owner, and evidence satisfactory to the Director of authority of the owner representative that
5 signed the MFTE extension request; and

6 ((8))6) A non-refundable check payable to The City of Seattle in
7 the amount of \$10,000 if fewer than 75 percent of the total residential units in the multifamily
8 housing are rent- and income-restricted, or \$4,500 if at least 75 percent of the total residential
9 units in the multifamily housing are rent- and income-restricted.

10 2. A new contract shall be executed on the title of the property that includes the
11 multifamily housing committing the owner to requirements according to this Chapter 5.73,
12 except that:

13 a. MFTE units shall be promptly leased at affordable rents to eligible
14 households with annual incomes at or below 30 percent of median income for compact units in
15 multifamily housing that also includes units larger than compact units, at or below 40 percent of
16 median income for compact units in multifamily housing with no units larger than compact units,
17 at or below 50 percent of median income for studio units, at or below 60 percent of median
18 income for one-bedroom units, at or below 75 percent of median income for two-bedroom units,
19 and at or below 80 percent of median income for three-bedroom and larger units.

20 b. The contract shall allow multifamily housing to transition to compliance
21 with subsection 5.73.090.D.2.a, consistent with subsection 5.73.090.D.6.

1 3. ~~((The))~~ For properties with 12-year exemptions scheduled to expire on
2 December 31, 2023, the owner shall ((provide to the Office of Housing verification of the annual
3 income of the tenant household for each MFTE unit according to Section 5.73.105)):

4 ~~((a. For properties with 12-year exemptions scheduled to expire on~~
5 ~~December 31, 2021, within 30 days from October 27, 2021; or~~

6 ~~b. For properties with 12-year exemptions scheduled to expire on~~
7 ~~December 31, 2022, by September 30, 2022;))~~

8 a. Deliver prior written notice to all tenants of MFTE units of owner's
9 intent to pursue a 12-year extension of the property tax exemption;

10 b. Initiate annual income verification for each MFTE unit tenant
11 household no later than June 30, 2023; and

12 c. Provide to the Office of Housing verification of the annual income of
13 the tenant household for each MFTE unit according to Section 5.73.105 by September 30, 2023.

14 4. The minimum number of MFTE units as a share of total residential units in the
15 multifamily housing shall be the same as according to the property's initial MFTE agreement
16 (i.e., ~~((twenty))~~ 20 percent or 25 percent).

17 5. Upon approval of an extended tax exemption according to this Chapter 5.73,
18 the Director shall file a Final Certificate with the Assessor. ~~((The applicant shall provide the~~
19 ~~Office of Housing a check payable to the Assessor to cover the Assessor's fee for administrative~~
20 ~~costs.))~~ The owner shall be responsible for any administrative fees charged by the Assessor.

21 6. To allow ongoing occupancy of MFTE units by existing tenants who, while
22 they qualify as eligible households under pre-extension contracts, do not qualify as eligible
23 households according to subsection 5.73.090.D.2.a, and to steadily transition multifamily

1 housing to full compliance with extended exemption requirements, the following provisions
2 apply:

3 a. For each MFTE unit (~~((that is occupied on December 31 of the calendar~~
4 ~~year the exemption would expire according to subsection 5.73.090.A)),~~ the affordable rent
5 according to the current tenant's lease agreement as of January 1 of the (~~(subsequent))~~ calendar
6 year subsequent to expiration of the initial 12-year property tax exemption and thereafter shall
7 be:

8 1) No greater than according to subsection 5.73.090.D.2.a if the
9 annual income of the tenant household, as verified according to Section 5.73.105, is less than one
10 and one-half times the limit for the MFTE unit according to subsection 5.73.090.D.2.a; or

11 2) (~~(For)~~) No greater than 65 percent of median income for
12 compact units(~~(s)~~) and studio units, (~~and~~) no greater than 75 percent of median income for one-
13 bedroom units, and no greater than (~~(80)~~) 85 percent of median income (~~(and)~~) for two-bedroom
14 and larger units(~~(, no greater than 90 percent of median income))~~), provided the annual income of
15 the tenant household, as verified according to Section 5.73.105, is less than one and one-half
16 times (~~(80)~~) 65, 75, or 85 percent of median income (~~(or 90 percent of median income))~~
17 depending on the MFTE unit type, as applicable, and at least one and one-half times the limit for
18 the MFTE unit according to subsection 5.73.090.D.2.a; or

19 3) According to subsection 5.73.105.B if the annual income of the
20 tenant household, as verified according to Section 5.73.105, equals or exceeds one and one-half
21 times (~~(80)~~) 65 percent of median income for compact units(~~(s)~~) and studio units, (~~and~~) one and
22 one-half times 75 percent of median income for one-bedroom units (~~(or equals or exceeds))~~ , or
23 one and one-half times (~~(90)~~) 85 percent of median income for two-bedroom and larger units.

1 b. Each vacant MFTE unit(~~(, including each MFTE unit that is vacant on~~
2 ~~December 31 of the calendar year the exemption would expire according to subsection~~
3 ~~5.73.090.A,)) shall be promptly leased at an affordable rent to an eligible household according to~~
4 subsection 5.73.090.D.2.a.

5 c. (~~If the number of required MFTE units increases from 20 percent to 25~~
6 ~~percent of total residential units according to subsection 5.73.090.D.4, the next available~~
7 ~~residential unit, consistent with subsection 5.73.040.B.5, shall be designated as an MFTE unit, as~~
8 ~~approved by the Office of Housing consistent with requirements of this Chapter 5.73, until 25~~
9 ~~percent of the total residential units in the multifamily housing are MFTE units leased to eligible~~
10 ~~households.~~

11 ~~e.))~~ From the date an MFTE unit first satisfies requirements for an
12 extended exemption under subsection 5.73.090.D.2.a until the end of the compliance period,
13 requirements according to 5.73.090.D.2.a shall apply.

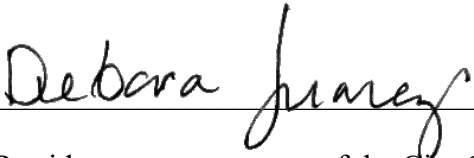
14 * * *

15 Section 2. Section 5.73.120 of the Seattle Municipal Code, last amended by Ordinance
16 125932, is amended as follows:

17 The tax exemption program established by this Chapter 5.73 shall expire on December 31,
18 ~~((2023))~~ 2024, unless extended by the City Council by ordinance. Upon expiration, no additional
19 MFTE applications under Section 5.73.050 shall be accepted. Pending Conditional Certificates
20 and Final Certificates shall be processed as provided according to this Chapter 5.73.

1 Section 3. This ordinance shall take effect and be in force 30 days after its approval by
2 the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it
3 shall take effect as provided by Seattle Municipal Code Section 1.04.020.


4 Passed by the City Council the 28th day of March, 2023,
5 and signed by me in open session in authentication of its passage this 28th day of
6 March, 2023.

7 
8 _____
President _____ of the City Council

9 Approved / returned unsigned / vetoed this 30th day of March, 2023.

10 
11 _____
Bruce A. Harrell, Mayor

12 Filed by me this 30th day of March, 2023.

13 
14 _____
Elizabeth M. Adkisson, Interim City Clerk

15 (Seal)