

CITY OF SEATTLE

RESOLUTION 32017

A RESOLUTION calling for research, engagement and presentation of information to the Mayor and City Council on the Multifamily Tax Exemption (MFTE) program prior to considering renewal of the program in 2023.

WHEREAS, the Multifamily Tax Exemption (MFTE) program currently provides participating owners of new multifamily properties a full tax exemption on residential improvements for up to 12 years when a certain share of the units are income- and rent-restricted, generally for households with incomes between 60 percent to 90 percent of median income; and

WHEREAS the MFTE program is one of the City’s primary tools for creating income- and rent-restricted units; and

WHEREAS, the 2021 legislative session included adoption of Senate Bill (SB) 5287, amending chapter 84.14 of the Revised Code of Washington (RCW) to authorize jurisdictions to provide owners of properties with expiring multifamily property tax exemptions the option to extend the exemption for a 12-year period, include labor equity standards as a condition of providing a tax exemption, approve 20-year tax exemptions for permanently affordable homeownership, and allow additional time for projects impacted by Coronavirus Disease 2019 (COVID-19) to receive a certificate of occupancy; and

WHEREAS, the COVID-19 pandemic impacted the real-estate market, making it difficult to assess how modifications to affordable housing incentive programs would address market gaps; and

WHEREAS, two council bills will be considered in 2021 that amend Seattle Municipal Code (SMC) Chapter 5.73 to implement new requirements and time-sensitive authorizations

1 per chapter 84.14 RCW, including an extension option for properties with tax exemptions
2 expiring in 2021 and 2022; and

3 WHEREAS, SB 5287 requires that, at a minimum, extended tax exemptions be conditioned on
4 satisfaction of local MFTE requirements, which are in effect through December 31, 2023,
5 per Section 5.73.120; and

6 WHEREAS, in 2023, the Mayor and Council are slated to consider renewal of Seattle’s MFTE
7 program, which sunsets on December 31, 2023, per Section 5.73.120; and

8 WHEREAS, the City intends for program and policies to explicitly address and advance racial
9 and social equity goals and to maximize public benefits, including development of low-
10 income housing, and labor equity outcomes; and

11 WHEREAS, submittal of information related to achieving these goals will assist the Mayor and
12 the City Council when considering renewal of the MFTE program in 2023;

13 NOW, THEREFORE,

14 **BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE, THE**
15 **MAYOR CONCURRING, THAT:**

16 Section 1. The Multifamily Tax Exemption (MFTE) program will be designed to achieve
17 affordable housing and other benefits. As part of MFTE renewal consideration, the Office of
18 Housing shall provide information on and analysis of the following:

19 A. Program participation rates, property tax savings, and differential between market-rate
20 rents and restricted rents by unit type;

21 B. Rent levels needed to house low-income working households more affordably and to
22 address market gaps experienced by those households;

23 C. Race and ethnicity, size, and income of households residing in MFTE units;

1 D. Emerging market trends, including project types and configuration of units;

2 E. Displacement impact, including demolition of existing buildings on sites where MFTE
3 buildings are developed;

4 F. Perspectives and input gained through engagement with a variety of stakeholders,
5 including tenants, developers, and affordable housing advocates.

6 G. The total cost to buy down rents for MFTE units to proposed affordability levels and
7 the total amount of the property tax exemption that is forgone, as well as shifted, broken down
8 by city and other taxing jurisdictions for MFTE projects.

9 Section 2. The MFTE program will advance labor equity outcomes. As part of MFTE
10 renewal consideration, the Office of Housing shall provide information on and analysis of the
11 following:

12 A. Tax exemptions for new projects conditioned on payment of at least the prevailing rate
13 of hourly wage established under chapter 39.12 RCW for journey level and apprentice residential
14 and commercial construction workers;

15 B. Payroll record requirements consistent with RCW 39.12.120;

16 C. Tax exemptions for new projects conditioned on apprenticeship utilization
17 requirements consistent with RCW 39.04.310;

18 D. A contracting inclusion plan developed in consultation with the Office of Minority and
19 Women's Business Enterprises; and

20 E. Perspectives and input gained through engagement with a variety of stakeholders,
21 including the Seattle Building and Construction Trades Council, other labor organizations, and
22 developers.

1 Section 3. All extensions of expiring MFTE projects occurring after 2023 will be
2 structured to achieve affordable housing and other benefits. As part of MFTE renewal
3 consideration, the Office of Housing shall provide information on and analysis of the following:

4 A. General trends in rents for units in older and newer buildings;

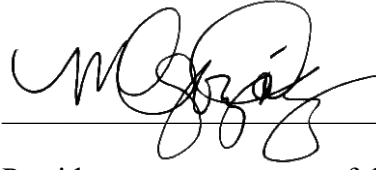
5 B. For properties nearing year 12 of the tax exemption, MFTE unit rents and the annual
6 incomes of tenant households residing in MFTE units;

7 C. For projects expiring in 2021 and 2022, the number of properties that chose to renew,
8 the number and location of projects that chose not to renew, and income and demographics of
9 tenants residing in MFTE units at time of extension or expiration of exemption. OH shall provide
10 this information to the City Council on a quarterly basis beginning January 2022; and

11 D. Perspectives and input gained through engagement with a variety of stakeholders,
12 including tenants, developers, and affordable housing advocates.

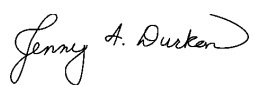
13 Section 4. The Office of Housing will provide the information and analysis described in
14 Sections 1 through 3 of this resolution to the Mayor and City Council no later than June 30,
15 2023.

1 Adopted by the City Council the 20th day of September, 2021,
2 and signed by me in open session in authentication of its adoption this 20th day of
3 September, 2021.

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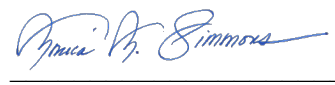
5 President _____ of the City Council

6 The Mayor concurred the 27th day of September, 2021.

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8 Jenny A. Durkan, Mayor

9 Filed by me this 27th day of September, 2021.

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11 Monica Martinez Simmons, City Clerk

12 (Seal)