

Laura Hewitt Walker/Traci Ratzliff/Aly Pennucci
OH MFTE Renewal ORD

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Amendment 1: Proposed Substitute to CB 119615

September 19, 2019 HHEWR Committee

Sponsor: Councilmember Mosqueda

Note:

Underlines indicate new language to be added.

~~Strikethroughs~~ indicate language proposed to be removed.

Dashed underlines indicate language that was proposed to be deleted in the bill as introduced would be retained by this amendment.

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

..title

AN ORDINANCE relating to the Multifamily Housing Property Tax Exemption Program;
amending Chapter 5.73 of the Seattle Municipal Code to renew and modify the
Multifamily Housing Property Tax Exemption program.

..body

WHEREAS, Chapter 5.73 of the Seattle Municipal Code, 2004 Multifamily Housing Property
Tax Exemption Program, was adopted by Ordinance 121415 and amended by Ordinances
121700, 121915, 122730, 123550, 123727, 124724, 124877, and 124919; and

WHEREAS, Ordinance 121415 requests the Executive to periodically prepare reports on
program activity and recommend program modifications if needed; and

WHEREAS, pursuant to Section 5.73.120 of the Seattle Municipal Code, the Multifamily
Housing Property Tax Exemption Program (MFTE) shall expire on December 31, 2019,
unless extended by the City Council by ordinance; and

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1 WHEREAS, for purposes of MFTE, all land zoned for multifamily housing in Seattle is

2 consistent with the definition of “urban center” pursuant to chapter 84.14 RCW; and

3 WHEREAS, a hearing on Council Bill 118505, which identified the proposed Residential

4 Targeted Area, was held on September 17, 2015, in accordance with RCW 84.14.040;

5 and

6 WHEREAS, Ordinance 124877 designates all land zoned for multifamily housing in Seattle as a

7 Residential Targeted Area pursuant to Section 5.73.030; NOW, THEREFORE,

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

9 Section 1. Section 5.73.010 of the Seattle Municipal Code, last amended by Ordinance
10 124919, is amended as follows:

11 **5.73.010 Purpose**

12 The purpose of this Chapter 5.73 is to increase ~~((the supply of))~~ affordable ~~((Multifamily~~
13 ~~Housing))~~ housing opportunities in new multifamily housing, including through rehabilitation of
14 vacant buildings, within the ~~((City for Low Income Households and Moderate Income~~
15 ~~Households))~~ city of Seattle. To achieve these purposes, this Chapter 5.73 provides for special
16 valuations of eligible improvements in ((order to promote fair housing, provide)) areas zoned for
17 multifamily developments. In addition to increasing affordable housing, ((choice, and address
18 displacement. This purpose may be furthered by the designation of a Residential Targeted Area
19 under this)) Chapter 5.73 seeks to affirmatively further fair housing as Seattle grows. Chapter
20 5.73 is intended to and should be interpreted and construed to comply with chapter 84.14 RCW.

21 Section 2. Section 5.73.020 of the Seattle Municipal Code, last amended by Ordinance
22 124877, is amended as follows:

23 **5.73.020 Definitions**

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1 “Affordable Rent” means ~~((that the))~~ monthly rent plus tenant paid utilities and any
2 mandatory recurring fees required as a condition of tenancy for ~~((the unit))~~ a Dwelling Unit,
3 SEDU, or Congregate Residence sleeping room that does not exceed 30 percent of the monthly
4 ~~((imputed))~~ Median Income as designated by this Chapter 5.73, ~~((for qualifying units.))~~

5 ~~((“Affordable Unit” means a unit that is rented at an Affordable Rent to an Income~~
6 ~~Eligible Occupant or sold to an Income Eligible Occupant for owner-occupied Multifamily~~
7 ~~Housing.~~

8 ~~“Annual Income” means the annual income of a Family as determined, unless otherwise~~
9 ~~approved in writing by the City, in accordance with 24 C.F.R Section 5.609 or successor~~
10 ~~provision. The Owner shall follow the requirements in 24 C.F.R Section 5.617 when making~~
11 ~~subsequent Annual Income determinations of persons with disabilities after their initial~~
12 ~~occupancy.))~~

13 “Assessor” means the King County Assessor.

14 “Bedroom” means a habitable room in a Dwelling Unit that meets the following criteria:

- 15 (1) gross floor area ~~((measures are no less than))~~ equals at least 70 square feet; (2) wall
16 ~~((dimension measures are no less than))~~ dimensions equal at least 7 feet; (3) natural lighting is
17 provided through an exterior opening in accordance with Section 1205.2.2 of the Seattle
18 Building Code, ~~((, in the case of))~~ through an opening to an adjoining ((spaces,)) room in
19 accordance with Section 1205.2.1 of the Seattle Building Code; (4) natural ventilation is
20 provided through an exterior opening ~~((to the outdoors))~~ in accordance with Section 1203.5.1 of
21 the Seattle Building Code, ~~((, in the case of))~~ through an opening to an adjoining ((spaces,))
22 room in accordance with Section 1203.5.1.1 of the Seattle Building Code, ~~((, in the case of))~~
23 through an ((openings)) opening below grade ~~((,))~~ in accordance with Section 1203.5.1.2 of the

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1 Seattle Building Code; and (5) the habitable room is completely separated from other portions of
2 the Dwelling Unit by walls and one or more exit access ((doorway(s))) doorways, consistent with
3 Chapter 2 of the Seattle Building Code. ~~((provide a complete separation from the rest of the~~
4 ~~Dwelling Unit.))~~

5 “Compliance Period” means the period beginning with the ~~((application for))~~ date of the
6 Final Certificate ((of Tax Exemption)) and ending on December 31 of the twelfth year of tax
7 exemption. ~~((during which time Affordable Units must be occupied by Income Eligible~~
8 ~~Occupants.))~~

9 “Congregate Residence” ~~((means a use in which rooms or lodging, with or without meals,~~
10 ~~are provided for nine or more non-transient persons not constituting a single household,~~
11 ~~excluding single family Dwelling Units for which special or reasonable accommodation has~~
12 ~~been granted, pursuant)) is defined according to Section 23.84A.006.~~

13 “Conditional Certificate” means a Conditional Certificate of Tax Exemption.

14 “Contract” means the standard form agreement, prepared by the Office of Housing,
15 between the Owner of the Multifamily Housing and the City that contains the terms and
16 conditions, including designation of and requirements for MFTE Units, for the duration of the
17 Compliance Period as a condition of eligibility of the Multifamily Housing for a property tax
18 exemption according to this Chapter 5.73.

19 “Director” means the Director of the City’s Office of Housing or any other City office,
20 department, or agency that shall succeed to its functions with respect to this Chapter 5.73, or the
21 Director’s authorized designee.

22 “Dwelling Unit” ~~((means a room or rooms located within a structure that are configured~~
23 ~~to meet the standards of Section 23.42.048 and that are occupied or intended to be occupied by~~

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1 ~~not more than one household as living accommodations independent from any other household,~~
2 ~~pursuant)) is defined according to Section 23.84A.008.~~

3 ~~((“Economically Distressed Area” means all or a portion of a Housing Investment Area~~
4 ~~designated in Seattle’s Consolidated Plan for Housing and Community Development as updated~~
5 ~~from time to time.~~

6 ~~“Family” has the meaning set forth in 24 C.F.R Section 5.403 or successor provision and~~
7 ~~includes an individual person.~~

8 ~~“HUD” means the United States Department of Housing and Urban Development.)~~

9 ~~“(Income)Eligible ((Occupant)) Household” means:~~

10 1. ~~((that the)) A renter household with total annual income, certified as a~~
11 ~~condition to ((at)) initial occupancy of an MFTE Unit, ((the household that will occupy the unit~~
12 ~~is)) no greater than the applicable percentage of Median Income ((designated in this Chapter~~
13 ~~5.73)) for the MFTE Unit according to subsection 5.73.040.B; or~~

14 2. ~~An owner household with total annual income, certified as a condition to~~
15 ~~purchase of an MFTE Unit, no greater than the applicable percentage of Median Income for the~~
16 ~~MFTE Unit according to subsection 5.73.040.C; or~~

17 3. ~~A ((person shall continue to be an Income Eligible Occupant as long as the~~
18 ~~person’s household income does not exceed the unit income restriction by 150 percent)) renter~~
19 ~~household with total annual income verified upon recertification according to Section 5.73.105~~
20 ~~not to equal or exceed 1.5 times the maximum annual income for the MFTE Unit according to~~
21 ~~the percentage of Median Income as designated according to subsection 5.73.040.B.~~

22 ~~“Final Certificate” means a Final Certificate of Tax Exemption.~~

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1 ~~((“Low Income Household” means a household with an annual income equal to or less~~
2 ~~than 80 percent of the Median Income.))~~

3 “Median Income” means the annual median family income for the Seattle area, as
4 published from time to time by the United States Department of Housing and Urban
5 Development (HUD), ((for the Section 8 program)) with adjustments according to household
6 size, which adjustments shall generally be based upon a method used by HUD to adjust income
7 limits for subsidized housing, and which adjustments for purposes of determining affordability of
8 rents or sale prices shall be based on the average size of household considered to correspond to
9 the size of the housing unit, all in a manner determined by the Director. ((If in any year HUD
10 shall publish median family income data for more than one area that includes Seattle, then unless
11 otherwise approved in writing by the Director of the Office of Housing, the lowest of such
12 median family income figures shall be used. If, at any time, Median Income for a Family size
13 cannot be determined under the foregoing sentences based on data published by HUD for the
14 Seattle area within the most recent 13 months, then the City may determine Median Income for
15 such Family size based on any data for the Seattle area or an area including Seattle, published or
16 reported by a federal, state, or local agency, as the City shall select in its sole discretion, adjusted
17 for Family size in such manner as the City shall determine in its sole discretion.)) In addition,
18 further adjustments shall be made so that Median Income will not decrease from the prior year
19 nor increase more than four and one-half percent from the prior year. The Median Income most
20 recently published by the Director shall be used to calculate income limits and correlating rent or
21 sale price limits. The Director may establish by rule the method for determining Median Income.

22 “MFTE Unit” means a Dwelling Unit, SEDU, or Congregate Residence sleeping room in
23 Multifamily Housing that is rented at an Affordable Rent to an Eligible Household according to

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1 subsection 5.73.040.B, or sold at an affordable price to an Eligible Household according to
2 subsection 5.73.040.C.

3 ~~((“Moderate Income Household” means a household with an annual income equal to or~~
4 ~~less than 120 percent of the Median Income.))~~

5 “Multifamily Housing” means ~~((a building or buildings, including associated housing~~
6 ~~improvements, having)) the residential uses in one or more residential or mixed-use structures,~~

7 each of which includes at least four ((or more)) net new Dwelling Units, SEDUs, ((in each

8 ~~building, or four or more housing units in a) or Congregate Residence ((:)) sleeping rooms~~

9 designed for Permanent Residential Occupancy ((, either rental or Owner occupied, resulting

10 ~~from new construction or rehabilitation or conversion of vacant, underutilized, or substandard~~

11 ~~buildings)) for which a property tax exemption under this Chapter 5.73 may be eligible.~~

12 “Owner” means the ~~((property)) Project owner or owners of record.~~

13 “Permanent Residential Occupancy” means ~~((Multifamily Housing that provides either~~
14 ~~rental or owner occupancy for a period of at least one month)) Dwelling Units, SEDUs, or~~

15 Congregate Residence sleeping rooms that provide permanent residences for renter or owner

16 households. This excludes hotels, ((and)) motels, short-term rentals, and other residences that

17 predominately offer rental or vacation ((accommodation)) accommodations on a monthly,

18 weekly, or daily ((or weekly)) basis.

19 “Project” means the project, as identified by a current SDCI record number, that includes

20 Multifamily Housing ((or portion of the Multifamily Housing that is to receive the tax

21 exemption)).

22 “Rehabilitation Improvements” means the creation of at least four net new Dwelling

23 Units, SEDUs, or Congregate Residence sleeping rooms through either: (1) ((modifications))

1 Substantial Improvements to ~~((an existing))~~ a building that fails to comply with one or more
2 applicable Seattle Building Code standards according to Title 22, the residential portion of which
3 has been vacant for at least ~~((12))~~ 24 months prior to ~~((application for exemption under this~~
4 ~~Chapter 5.73; that are made to achieve a condition of Substantial Compliance with the applicable~~
5 ~~building and construction codes contained or incorporated in Title 22;))~~ issuance of the first
6 building permit; or (2) ~~((modifications))~~ Substantial Improvements to ~~((an existing occupied~~
7 ~~residential))~~ a building ~~((or mixed use building))~~ that contains occupied residential units, ~~((which~~
8 ~~add at least four new Dwelling Units, or at least four new housing units in a Congregate~~
9 ~~Residence))~~ provided the Project causes no “displacement” as defined in subsection
10 22.210.030.E.

11 “Residential Targeted Area” means an area or areas ~~((within an Urban Center that has~~
12 ~~been so))~~ designated by the City Council pursuant to this Chapter 5.73.

13 “SDCI” means the Seattle Department of Construction and Inspections.

14 “SEDU” means “Dwelling unit – small efficiency” as defined according to Section
15 23.84A.008.

16 “Substantial Compliance” means compliance with ~~((the applicable))~~ Title 22 building and
17 construction codes ~~((contained or incorporated in Title 22 that is typically required for~~
18 ~~rehabilitation as opposed to new construction))~~ applicable to Rehabilitation Improvements.

19 “Substantial Improvement” means any repair, reconstruction, rehabilitation, alteration,
20 addition, or other improvement of a building or structure, the cost of which, in any five-year
21 period, equals or exceeds 50 percent of the market value of the structure before the improvement
22 or repair is started. If the structure has sustained damage whereby the cost of restoring the
23 structure to its before-damaged condition would equal or exceed 50 percent of the market value

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1 of the structure before the damage occurred, any repairs are considered substantial improvement
2 regardless of the actual repair work performed.

3 (~~“Third Party Verification” means independent verification of income by contacting the~~
4 ~~individual income source(s) supplied by the family.~~

5 ~~“Urban Center” means a compact identifiable district where urban residents may obtain a~~
6 ~~variety of products and services. An urban center must contain:~~

7 1. ~~Several existing or previous, or both, business establishments that may~~
8 ~~include but are not limited to shops, offices, banks, restaurants, and governmental agencies;~~

9 2. ~~Adequate public facilities including streets, sidewalks, lighting, transit,~~
10 ~~domestic water, and sanitary sewer systems; and~~

11 3. ~~A mixture of uses and activities that may include housing, recreation, and~~
12 ~~cultural activities in association with either commercial or office, or both, use.)~~

13 Section 3. Section 5.73.030 of the Seattle Municipal Code, last amended by Ordinance
14 124877, is amended as follows:

15 **5.73.030 Residential Targeted (~~Areas~~) Area—Criteria—Designation**

16 A. Following notice and public hearing as prescribed in RCW 84.14.040, the Council
17 may designate one or more Residential Targeted Areas upon a finding by the Council in its sole
18 discretion that the Residential Targeted Area meets the following criteria:

19 1. The Residential Targeted Area is within an (~~Urban Center~~) urban center,
20 as defined by RCW 84.14.010 and determined by the Council for purposes of this Chapter 5.73
21 to contain the following:

22 a. Several existing or previous business establishments that may
23 include but are not limited to shops, offices, banks, restaurants, and governmental agencies;

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1 b. Adequate public infrastructure including streets, sidewalks,
2 lighting, transit, domestic water, and sanitary sewer systems; and

3 c. A mixture of uses and activities that may include housing,
4 recreation, and cultural activities in association with commercial uses.

5 2. The Residential Targeted Area lacks sufficient available, desirable, and
6 convenient residential housing, including affordable housing, to meet the needs of ~~((the public))~~
7 low- and moderate-income households who would be likely to live in the ~~((Urban Center if~~
8 ~~desirable, attractive, affordable and livable residences))~~ urban center if such housing were
9 available; and

10 ~~((3. Providing additional housing opportunity, including affordable housing, in~~
11 ~~the Residential Targeted Area will assist in encouraging the creation of affordable Multifamily~~
12 ~~Housing in new or rehabilitated structures.))~~

13 3. The Residential Targeted Area shall increase Multifamily Housing and
14 affordable housing opportunities.

15 ~~((B. In designating a Residential Targeted Area, the Council may also consider other~~
16 ~~factors, including:~~

17 1. ~~Whether an increased permanent residential population in the Residential~~
18 ~~Targeted Area will help to achieve the planning goals mandated by the Growth Management Act~~
19 ~~under chapter 36.70A RCW;~~

20 2. ~~Whether the area is an Economically Distressed Area;~~

21 3. ~~Whether the City has identified the area or neighborhood by Resolution as~~
22 ~~one in which the City wants to encourage the development of mixed income housing, including~~
23 ~~affordable housing;~~

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1 4. ~~Whether the area or neighborhood was designated as a Residential~~
2 ~~Targeted Area in the City's prior Multifamily Tax Exemption program, chapter 5.72 RCW, and~~
3 ~~is one in which the City wants to encourage the development of mixed income housing,~~
4 ~~including affordable housing.~~

5 ~~€))~~ B. ~~((At any time the))~~ The Council may ((by ordinance)), in its sole discretion,
6 amend or rescind the designation of a Residential Targeted Area at any time by ordinance
7 pursuant to the ~~((same procedural))~~ requirements set forth in RCW 84.14.040 ~~((for original~~
8 ~~designation))~~.

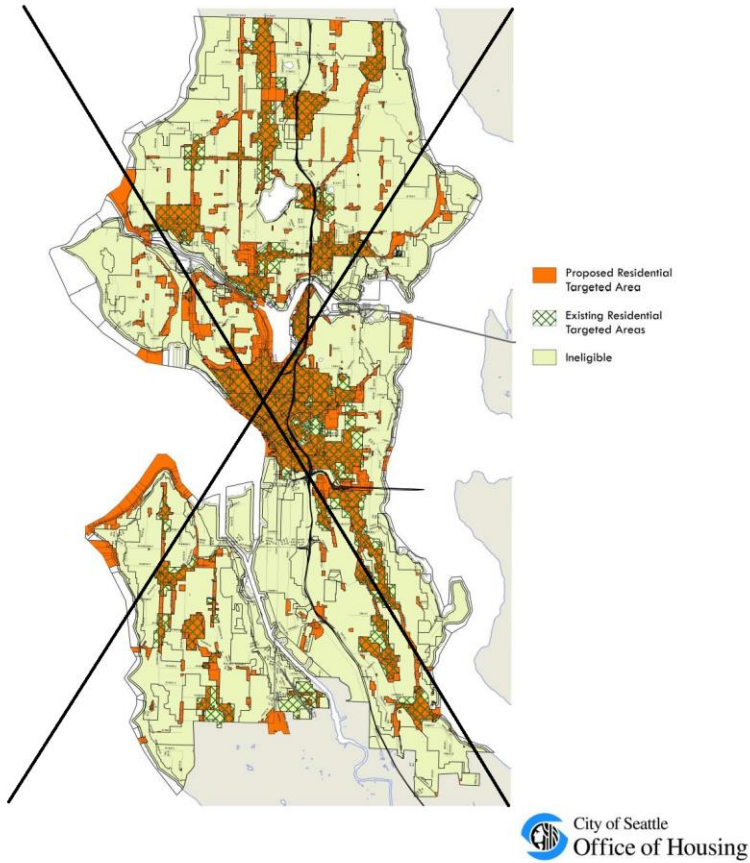
9 ~~((D))~~ C. All ~~((land))~~ parcels in Seattle zoned to allow Multifamily Housing ((as
10 ~~per))~~ according to Title 23, including but not limited to Chapters 23.45, 23.46, ((23.47)) 23.47A,
11 23.48, and 23.49, ((and as shown in Map A for 5.73.030, is)) are designated as a single
12 Residential Targeted Area under this Chapter 5.73.

13 ~~((E. If a part of any legal lot is within the Residential Targeted Area as shown in Map~~
14 ~~A for 5.73.030, then the entire lot shall be deemed to lie within such Residential Targeted Area.~~

15 ~~F. Any future changes to zoning shall override Map A for 5.73.030 for purposes of~~
16 ~~determining whether any legal lot is within the Residential Targeted Area.))~~

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Map A for 5.73.030 Residential Targeted Area

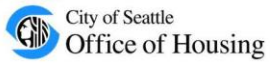
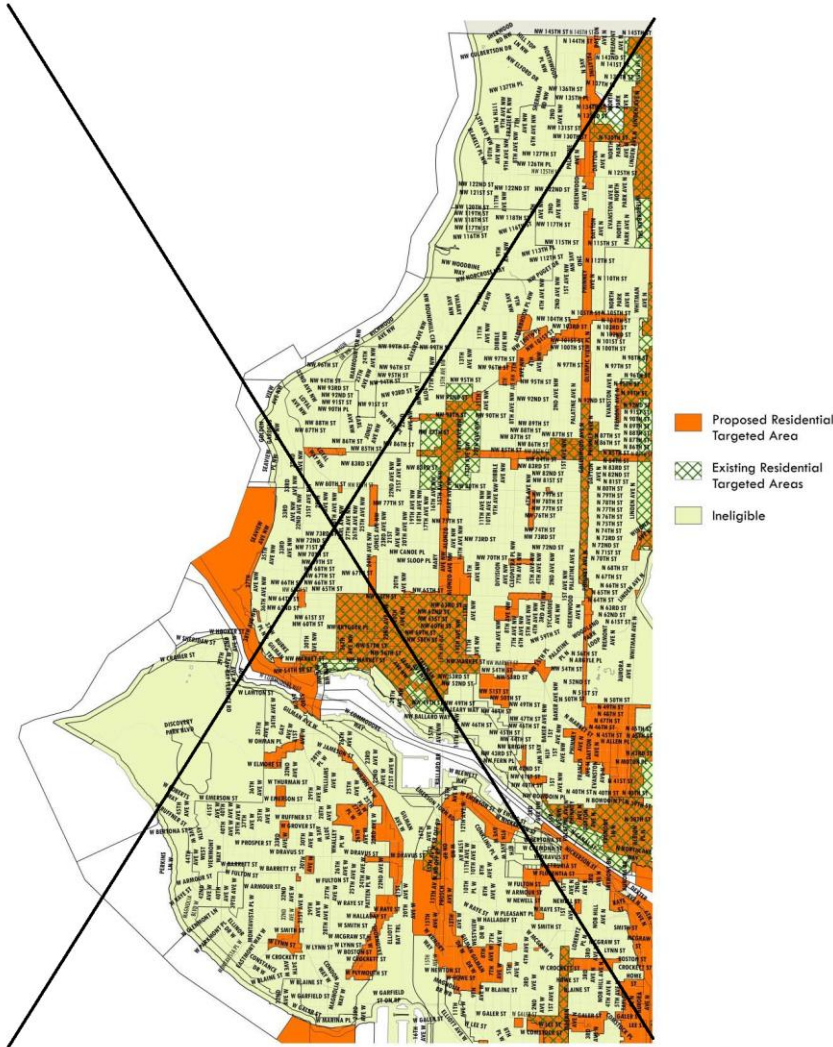


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Attachment 1: Proposed Substitute (CB 119615)

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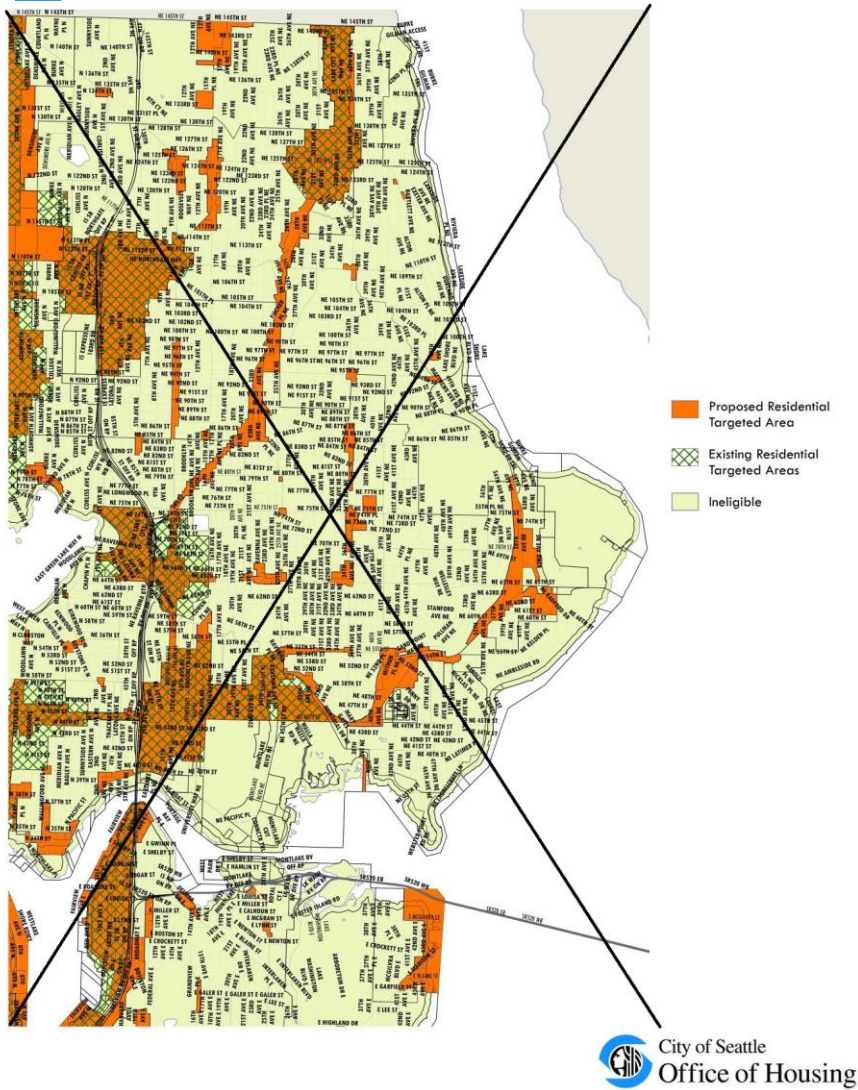


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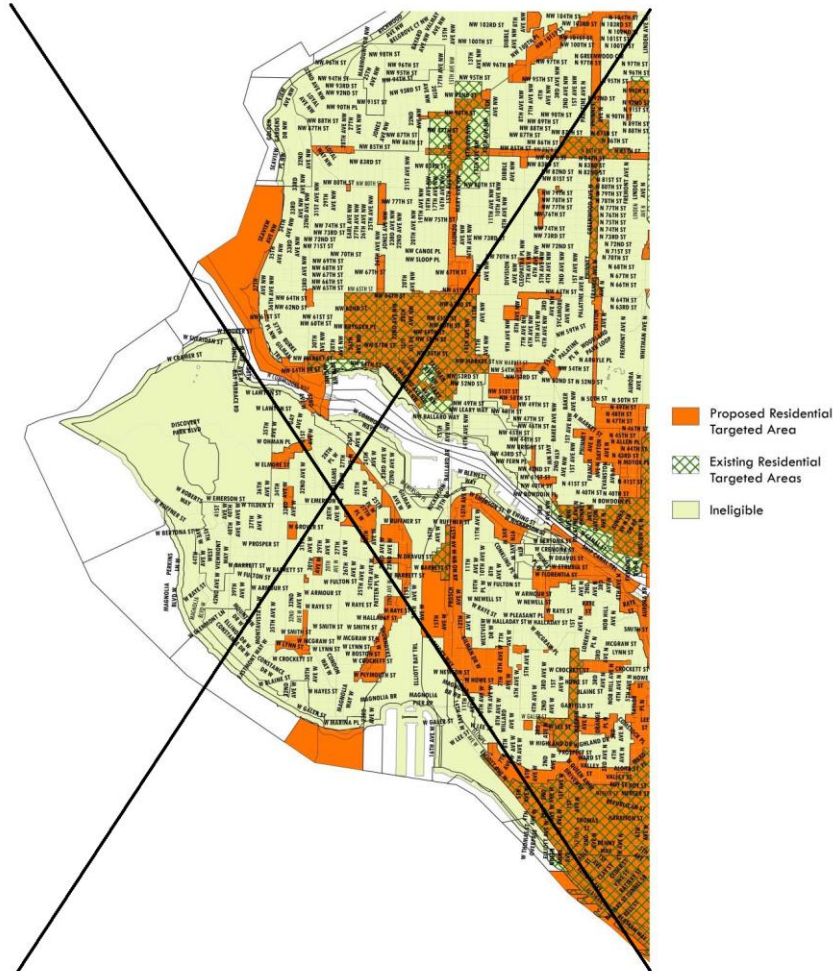
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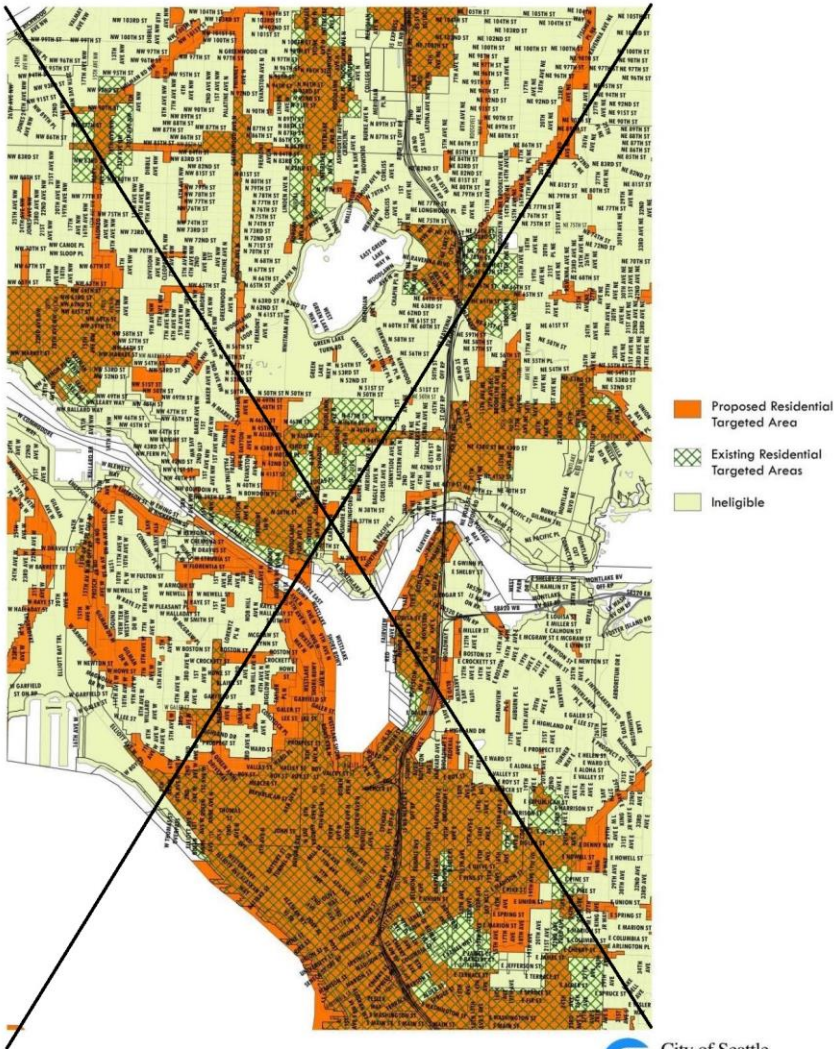


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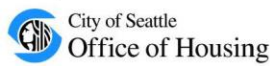
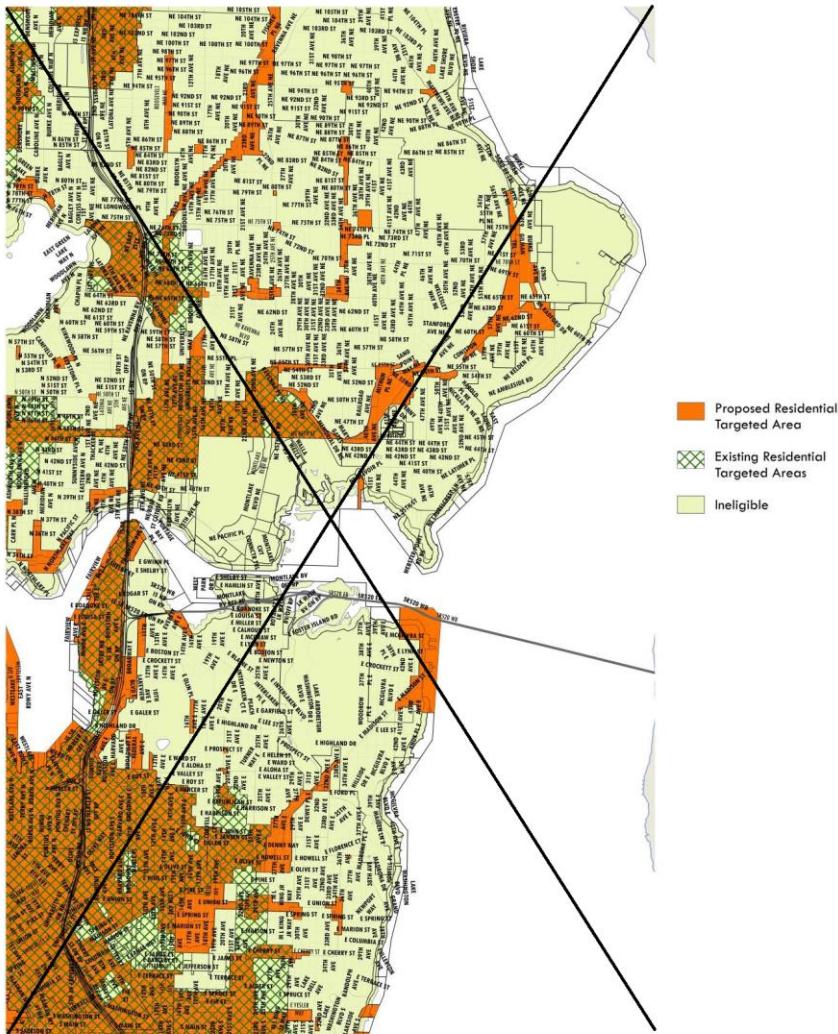


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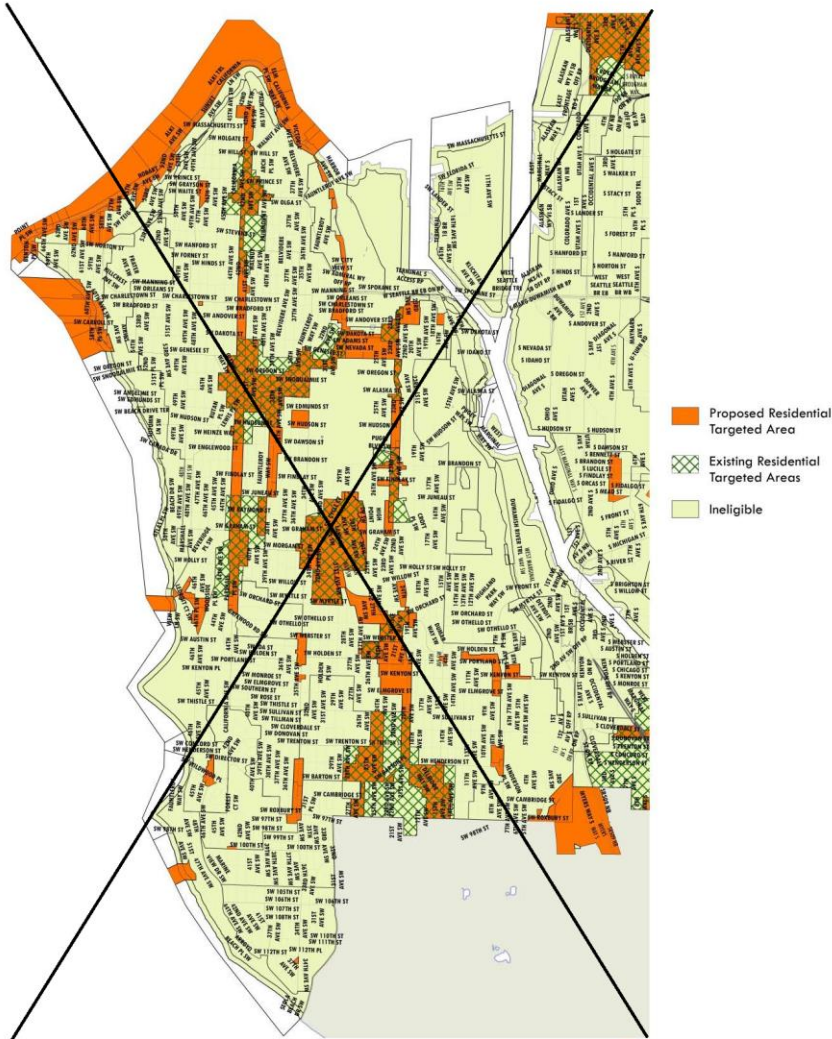
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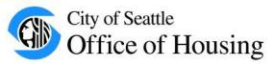
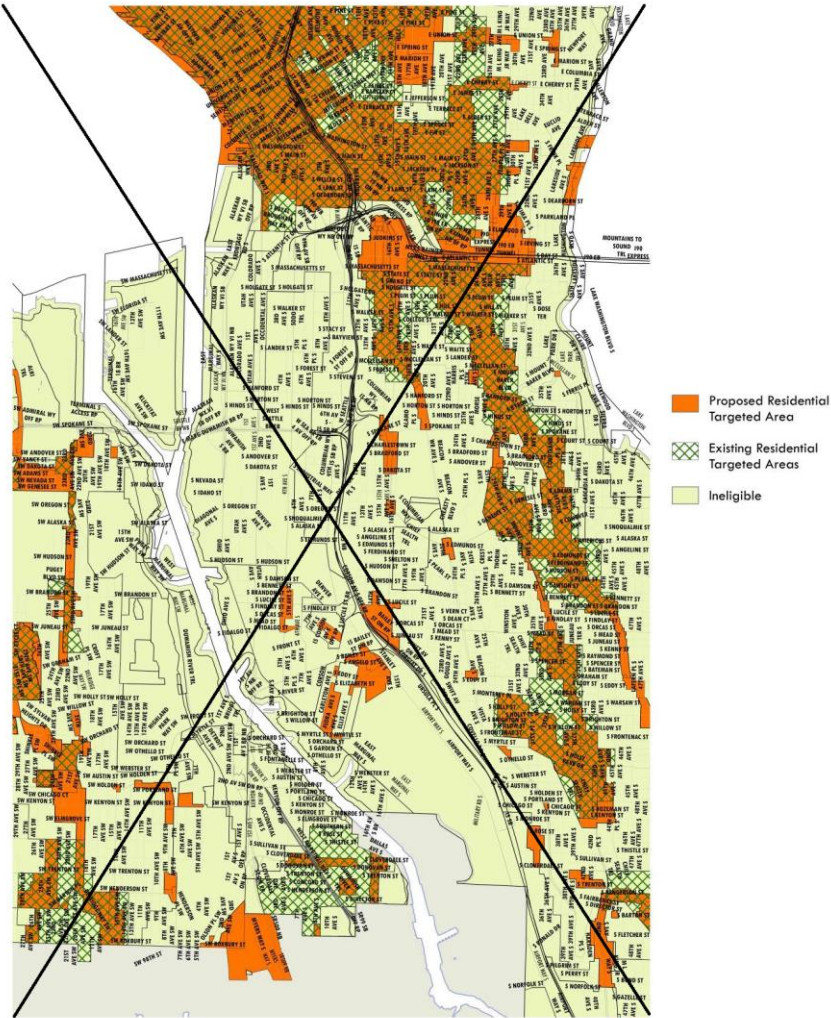


 City of Seattle
Office of Housing

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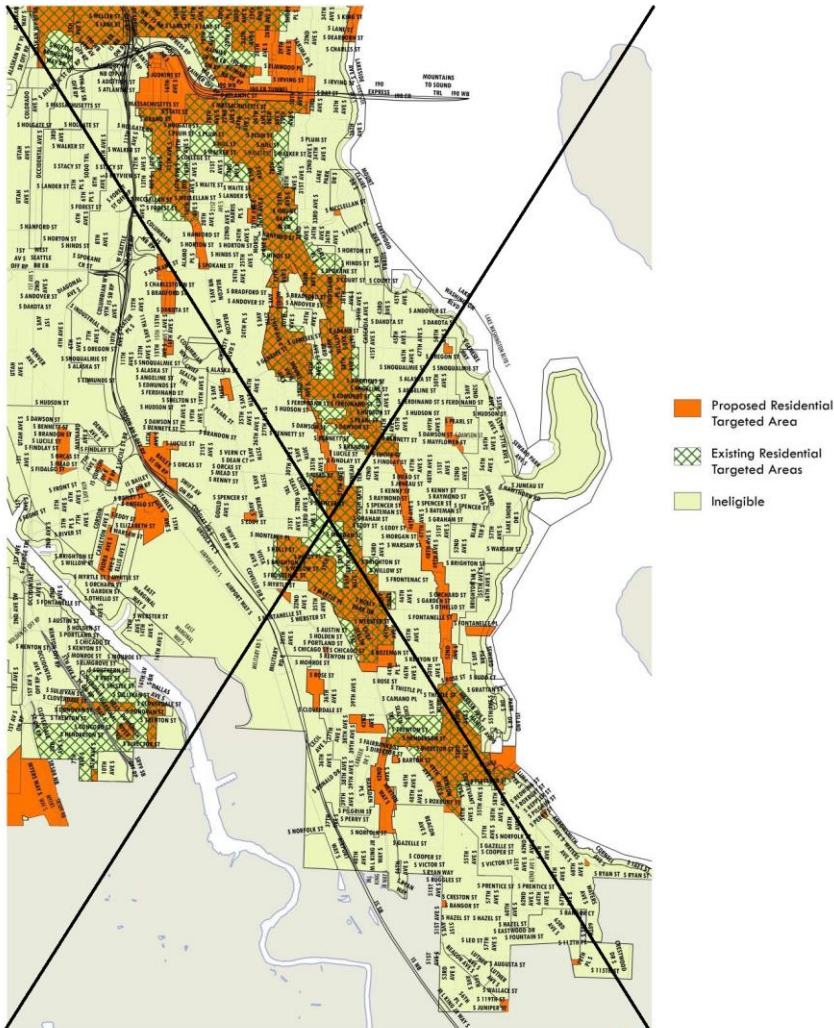


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1 Section 4. Section 5.73.040 of the Seattle Municipal Code, last amended by Ordinance
2 124919, is amended as follows:

3 **5.73.040 Eligibility**

4 A. ~~((To be eligible))~~ Eligibility of Multifamily Housing for exemption from property
5 taxation ~~((-in addition to other requirements set forth in))~~ is conditioned on compliance with this
6 Chapter 5.73, ~~((the Multifamily Housing, for either rental or homeownership occupancy, must be~~
7 ~~in compliance with the))~~ including applicable requirements ~~((below for the entire exemption~~
8 ~~period))~~ of this Section 5.73.040, for the duration of the Compliance Period:

9 1. The Multifamily Housing must be located in a Residential Targeted Area.

10 2. ~~((The Multifamily Housing must be part of a residential or mixed-use~~
11 ~~project (combining residential and non-residential).~~

12 3. ~~— The Multifamily Housing must provide for a)~~ A minimum of 50 percent
13 of the ~~((space))~~ gross floor area in each building that includes Multifamily Housing shall be for
14 Permanent Residential Occupancy.

15 ~~((4. — For new construction, a minimum of four new Dwelling Units or four~~
16 ~~housing units in a Congregate Residence must be created; for rehabilitation or conversion of~~
17 ~~existing occupied structures, a minimum of four additional Dwelling Units, or a minimum of~~
18 ~~four housing units in a Congregate Residence, must be added.~~

19 5. ~~— For rehabilitation or conversion of existing vacant buildings, the~~
20 ~~residential portion of the buildings shall have been vacant for at least 12 months before~~
21 ~~application for tax exemption, the buildings must fail to comply with one or more standards of~~
22 ~~the applicable building and construction code contained or incorporated in Title 22 and upon~~

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1 completion of rehabilitation or conversion the building must achieve a condition of Substantial
2 Compliance.

3 6. ~~For rehabilitation or conversion of existing occupied buildings, there shall~~
4 ~~be no “displacement” of existing residential tenants, as such term is defined in subsection~~
5 ~~22.210.030.E;~~

6 7) ~~3.~~ ~~((For new construction, if))~~ If at any time during the 18 months prior to
7 ~~((the date of submission of an))~~ application for ~~((exemption under this Chapter 5.73;))~~ the land
8 use permit for the Project or, if a land use permit is not required, prior to application for the
9 building permit for the project, any Dwelling Unit in a building containing four or more
10 Dwelling Units ~~((exists))~~ on the Project site ~~((and any of such units))~~ is occupied by a tenant or
11 tenants receiving or eligible to receive a tenant relocation assistance payment under Chapter
12 22.210, and such building has been or will be demolished, ~~((then))~~ the Owner shall agree, on
13 terms and conditions satisfactory to the Director, to ~~((replace all units that were occupied by a~~
14 ~~tenant or))~~ provide replacement Dwelling Units equal to the number of tenants receiving or
15 eligible to receive a tenant relocation assistance payment under Chapter 22.210, subject to the
16 following requirements:

17 a. For the duration of the tax exemption under this Chapter 5.73,
18 ~~((the))~~ replacement ~~((units))~~ Dwelling Units shall be ~~((affordable at or))~~ leased at Affordable
19 Rents to households with annual incomes at or below 50 percent of ~~((median income))~~ Median
20 Income. ~~((as adjusted for household size according to the method used by HUD for income limits~~
21 ~~in subsidized housing and according to HUD rules for the HOME program for presumed family~~
22 ~~size based on the number of bedrooms in a unit.))~~

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1 b. Replacement Dwelling Units may be ~~((accomplished either))~~
2 provided as part of the ~~((new construction for which application for exemption is made under~~
3 ~~this Chapter 5.73, or))~~ Multifamily Housing, or at another location through ~~((the))~~ new
4 construction of ~~((additional multifamily housing at another location, or through the substantial~~
5 ~~rehabilitation of vacant multifamily housing))~~ Multifamily Housing or through Substantial
6 Improvements to vacant Multifamily Housing, or through the preservation of ~~((multifamily~~
7 ~~housing))~~ Multifamily Housing that is ~~((rented))~~ leased at the ~~((time))~~ date of application for a
8 land use permit for the Project or, if a land use permit is not required, at the date of application
9 for the building permit for the Project, to tenants with household annual ~~((income))~~ incomes at or
10 below 50 percent of Median Income, ~~((as adjusted for household size according to the method~~
11 ~~used by HUD for income limits in subsidized housing and according to HUD rules for the~~
12 ~~HOME program for presumed family size based on the number of bedrooms in a unit, and that~~
13 ~~the Director determines would otherwise be converted to a use other than rental to tenants with~~
14 ~~such income.))~~

15 c. ~~((The replacement housing shall be completed, and a))~~ A
16 temporary certificate of occupancy shall be issued, or if no temporary certificate of occupancy is
17 required a permanent certificate of occupancy shall be issued, or if no certificate of occupancy is
18 required a final building permit inspection shall be completed, for the replacement Dwelling
19 Units within three years ~~((from))~~ of the date of ~~((approval of the application as described in~~
20 ~~Section 5.73.060))~~ the MFTE application according to [subsection 5.73.050.D](#) and subsection
21 5.73.050.E. ~~((, provided that the Director may extend the time for completion if the Director~~
22 ~~finds that:~~

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1 1). ~~The failure to complete the replacement housing is due to~~
2 ~~circumstances beyond the Owner's control;~~

3 2). ~~The Owner has been acting and may reasonably be~~
4 ~~expected to continue to act in good faith and with due diligence; and~~

5 3). ~~The replacement housing will be completed within a~~
6 ~~reasonable time.~~

7 d. ~~Where the existing rental housing building was demolished before~~
8 ~~the effective date of this Chapter 5.73, the requirements of this subsection 5.73.040.A do not~~
9 ~~apply.~~

10 8)) 4. The Owner shall obtain a certificate of approval, permit, or other approval
11 under Chapter 25.12, Landmarks Preservation Ordinance; ((;)) Chapter 23.66, Special Review
12 Districts; ((;)) or those provisions of Chapter 25.16, Chapter 25.20, Chapter 25.22, Chapter
13 25.24, ((;)) and Chapter 25.28 ~~((relating))~~ that relate to Landmark or Historical Districts, if
14 such certificate of approval, permit, or other approval is required under those chapters.

15 ((9)) 5. The Multifamily Housing must comply with all applicable zoning
16 requirements, land use regulations, and building and housing code requirements contained or
17 incorporated in Titles 22, 23, and 25.

18 ((10)) 6. For the duration of the exemption granted under this Chapter 5.73,
19 the Multifamily Housing and the property on which it is located shall have no ~~((violations))~~
20 violation of applicable zoning requirements, land use regulations, and building and housing code
21 requirements contained or incorporated in Titles 22, 23, and 25 ~~((for which the Seattle~~
22 ~~Department of Construction and Inspections has issued a notice of violation))~~ issued by SDCI
23 that is not resolved by a certificate of compliance, certificate of release, or withdrawal within the

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1 time period for compliance provided in such notice of violation ~~((and any extension of the time~~
2 ~~period for compliance granted))~~ or as extended by the Director of ~~((the Seattle Department of~~
3 ~~Construction and Inspections))~~ SDCI.

4 ~~((4))~~ 7. The Multifamily Housing must be ~~((scheduled to be completed~~
5 ~~within))~~ complete, as documented by a temporary certificate of occupancy, or if no temporary
6 certificate of occupancy is required a permanent certificate of occupancy, or if no certificate of
7 occupancy is required a SDCI final building permit inspection, within three years ~~((from))~~ of the
8 date of ((approval of)) the MFTE application according to ~~subsection 5.73.050.D and subsection~~
9 5.73.050.E.

10 8. Substantial Compliance for Rehabilitation Improvements must be
11 achieved within three years of the date of the MFTE application according to subsection
12 ~~5.73.050.D and subsection 5.73.050.E.~~

13 ~~((B. In addition to the requirements in subsection 5.73.040.A, rental projects must~~
14 ~~comply with the following affordability requirements from the date of application for the Final~~
15 ~~Certificate of Tax Exemption (“Final Certificate”) for the duration of the exemption period.))~~

16 B. Additional requirements for renter-occupied Multifamily Housing:

17 1. ~~((In projects that contain))~~ If at least ~~((the minimum number))~~ eight
18 percent of the total Dwelling Units and SEDUs in the Multifamily Housing are configured with
19 two or more ((bedrooms, according to Table A for 5.73.040.B)) Bedrooms, a minimum of 20
20 percent of ((all units)) the total Dwelling Units and SEDUs in the ((Project)) Multifamily
21 Housing shall be ((Affordable)) MFTE Units ((rented)) leased to ((tenants whose household
22 annual income is)) Eligible Households with annual incomes at or below 40 percent of Median
23 Income for ((housing units in Congregate Residences or small efficiency Dwelling Units))

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1 SEDUs within a building with a mix of unit types, at or below ~~((65))~~ 60 percent of Median
2 Income for studio units, at or below ~~((75))~~ 70 percent of Median Income for ~~((one-bedroom))~~
3 one-Bedroom units, at or below 85 percent of Median Income for ~~((two-bedroom))~~ two-Bedroom
4 units, and at or below 90 percent of Median Income for ~~((three-bedroom))~~ three-Bedroom and
5 larger units. This subsection 5.73.040.B.1 shall not apply to Projects that include Congregate
6 Residences.

((Table A for 5.73.040.B Total Dwelling and/or Congregate Residence Units and Corresponding Minimum Units with Two or More Bedrooms	
Project Size (Total Units)	Minimum Dwelling Units with two or more Bedrooms
Less than or equal to 100	4
101 to 150	6
151 to 200	8
201 to 250	10
251 to 300	12
More than 300	12, plus 2 for every additional 50 Dwelling Units or housing units in a Congregate Residence))

7 2. ~~((In projects containing))~~ If fewer than eight percent of the total Dwelling
8 Units, SEDUs, and Congregate Residence sleeping rooms are configured with two or more
9 ~~((bedrooms than is indicated in Table A for 5.73.040.B))~~ Bedrooms, a minimum of 25 percent of
10 ~~((all units))~~ total Dwelling Units, SEDUs, and Congregate Residence sleeping rooms in the
11 Multifamily Housing shall be ~~((Affordable))~~ MFTE Units ~~((rented))~~ leased to ~~((tenants whose
12 House Annual Income is)) Eligible Households with annual incomes at or below 40 percent of
13 Median Income for ~~((housing units in Congregate Residences or small efficiency dwelling units))~~
14 Congregate Residence sleeping rooms, at or below 40 percent of Median Income for SEDUs
15 within a building with a mix of unit types, at or below 50 percent of Median Income for SEDUs
16 in buildings where 100 percent of the units are SEDUs, at or below ~~((65))~~ 60 percent of Median~~

1 Income for studio units, at or below ~~((75))~~ 70 percent of Median Income for ~~((one bedroom))~~
2 one-Bedroom units, at or below 85 percent of Median Income for ~~((two bedroom))~~ two-Bedroom
3 units, and at or below 90 percent of Median Income for ~~((two bedroom))~~ two-Bedroom and
4 larger units. This subsection 5.73.040.B.2 shall apply to Projects that include Congregate
5 Residences.

6 3. If ~~((, in calculating))~~ the total number of ~~((Affordable))~~ MFTE Units
7 calculated according to subsection 5.73.040.B ~~((, the number))~~ contains a fraction, then the
8 number of ~~((Affordable))~~ MFTE Units shall be rounded up to the next whole number.

9 4. ~~((The mix and configuration of Affordable Units (e.g., housing units in~~
10 ~~Congregate Residences, small efficiency dwelling units, studios, one bedrooms, two bedrooms,~~
11 ~~three bedrooms, etc.) shall be substantially proportional to the mix and configuration of the total~~
12 ~~housing units in the Project; provided that all units with three or more bedrooms may be~~
13 ~~combined into a single category for the purpose of compliance with this provision. When the~~
14 ~~Project contains more than one building, all of the Affordable Units required by this subsection~~
15 ~~5.73.040.B may not be located in the same building.))~~ MFTE Units, including when the MFTE
16 units are in Multifamily Housing in more than one building, shall generally meet the following
17 requirements:

18 a. Distribution. Except as provided in subsection 5.73.040.B.4.c,
19 Dwelling Units, SEDUs, and Congregate Residence sleeping rooms in each building that
20 comprises the Multifamily Housing shall be generally distributed throughout each structure in
21 the development containing units.

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b. Comparability. Dwelling Units, SEDUs, and Congregate

Residence sleeping rooms in each building that comprises the Multifamily Housing shall be

generally comparable to the other units to be developed in terms of the following:

1) Status as a dwelling unit, SEDU, or congregate residence

sleeping room;

2) Number and size of bedrooms and bathrooms;

3) Net unit area measured by square feet;

4) Access to amenity areas;

5) Functionality; and

6) Term of the lease.

c. The Office of Housing shall develop, by rule, different distribution

requirements for MFTE units within buildings greater than 95 feet in height as defined by the

Land Use Code. The Office of Housing shall report to the Chair of the Housing, Health Energy,

and Workers Rights Committee, or its successor committee, on proposed criteria at least 30 days

prior to adoption of a rule.

C. ~~((In addition to the requirements in subsection 5.73.040.A, units eligible for tax exemption in))~~ Additional requirements for owner-occupied Multifamily Housing ((must comply with the following)):

1. ~~((Units must be))~~ A minimum of 20 percent of the total Dwelling Units and SEDUs in the Multifamily Housing shall be MFTE Units sold at ((a)) affordable sales ((price as established by the Director and adjusted periodically to buyers with Household Annual Income at the time of purchase)) prices, in accordance with subsection 5.73.040.C.2, to Eligible Households with annual incomes at or below 100 percent of Median Income for studio and

1 ~~((one bedroom))~~ one-Bedroom units, and at or below 120 percent of Median Income for ~~((two-~~
2 ~~bedroom))~~ two-Bedroom or larger units.

3 2. ~~((The contract with the City required under Section 5.73.060 of this~~
4 ~~Chapter 5.73 shall identify those units that are designated to meet the affordability requirements~~
5 ~~of this subsection 5.73.040.C.))~~ Resale of an MFTE Unit shall not occur without prior notice to
6 the Director. Upon receipt of such notice, the tax exemption under this Chapter 5.73 shall be
7 either (a) immediately cancelled in accordance with chapter 84.14 RCW, or (b) extended based
8 upon a determination that the terms of the resale are consistent with this Chapter 5.73, including
9 this subsection 5.73.040.C. The Director shall establish by rule the method for calculating an
10 affordable sale price.

11 3. Each MFTE Unit shall be occupied by an Eligible Household as its
12 principle residence for the duration of its ownership and shall not lease the unit, unless the
13 Director of Housing approves a limited short-term exception.

14 4. The Owner shall be responsible for any costs related to initial sales of
15 MFTE Units, including but not limited to marketing to Eligible Households, income verification,
16 buyer education, and verification of buyer financing.

17 5. If the total number of MFTE Units calculated according to subsection
18 5.73.040.C.1 contains a fraction, then the number of MFTE Units shall be rounded up to the next
19 whole number.

20 6. Multifamily Housing that is owned by a cooperative and occupied by the
21 shareholders of a cooperative may qualify as owner-occupied for purposes of this Chapter 5.73.

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1 ~~((D. — Upfront tenant fees~~

2 ~~4))~~ D. The Director is authorized to limit fees charged to ((Income)) Eligible

3 ~~((Occupants)) Households upon move-in or transfer ((in the same building)) to an MFTE Unit,~~

4 including, but not limited to, property administrative fees, transfer fees, last month's rent, and

5 security deposits. ~~((Any limitations placed on fees shall not include criminal background or))~~

6 Fees for credit checks, ((which may be charged to the Income Eligible Occupant)) provided such

7 fees are assessed for prospective tenants of all Dwelling Units, SEDUs, or Congregate Residence

8 sleeping rooms in the Multifamily Housing, may be charged at cost.

9 ~~((2. — Owners shall not authorize a fee to be charged to Income Eligible~~

10 ~~Occupants for income verification or program administration of the Multifamily Tax Exemption~~

11 ~~Program.)) No Eligible Household may be charged fees for income verifications or reporting~~

12 requirements related to this Chapter 5.73.

13 E. MFTE Units shall be affirmatively marketed to attract Eligible Households from

14 all racial, ethnic, and gender groups in the housing market area of the property, particularly to

15 inform and solicit applications from households who are otherwise unlikely to apply for housing

16 in the Project. Proposed affirmative marketing plans shall be submitted to the Office of Housing

17 for review and approval and shall comply with federal, state, and local fair housing laws.

18 Records documenting affirmative marketing efforts shall be maintained and submitted to the

19 Office of Housing upon request.

20 F. Eligible Households shall be provided access to the same amenities on the same

21 terms as tenants and owners of other Dwelling Units, SEDUs, and Congregate Residence

22 sleeping rooms in the Multifamily Housing.

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1 Section 5. Section 5.73.050 of the Seattle Municipal Code, last amended by Ordinance
2 124919, is amended as follows:

3 **5.73.050 ((Application)) MFTE application procedure—Fee**

4 A. The Owner ~~((of Multifamily Housing applying for exemption under this Chapter~~
5 ~~5.73))~~ shall submit ~~((an))~~ a complete MFTE application, verified by oath or affirmation, to the
6 Director, on a form provided by the Office of Housing. ~~((The Owner shall verify the application~~
7 ~~by oath or affirmation.))~~ The application shall contain such information as the Director may
8 deem necessary or useful ~~((and shall include))~~ to evaluate eligibility of the Multifamily Housing
9 for a tax exemption under this Chapter 5.73, including:

10 1. A brief written description of the ~~((units;))~~ Project and a plan set that
11 includes gross floor area by use, ((and)) schematic site ((plans)) plan, and standard floor plans
12 for the Dwelling Units, SEDUs, and Congregate Residence sleeping rooms, including proposed
13 MFTE Units; ((and unit layouts of the Multifamily Housing units and the structure(s) in which
14 they are proposed to be located; every unit layout must include detailed information that
15 adequately demonstrates the number of Bedrooms, consistent with subsection 5.73.020;))

16 2. A statement from the Owner acknowledging the potential tax liability
17 ~~((when))~~ of the Multifamily Housing; ((eases to be eligible for exemption under this Chapter
18 ~~5.73;))~~

19 3. ~~((Information describing how the Owner will comply))~~ Owner’s proposal
20 for compliance with the ((affordability)) requirements in ((subsections 5.73.040.B and
21 ~~5.73.040.C))~~ Section 5.73.040, as applicable;

22 4. ~~((In the case of rehabilitation or conversion of an existing vacant~~
23 ~~building))~~ If the Project includes Rehabilitation Improvements, ((verification from the Seattle

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1 ~~Department of Construction and Inspections of non-compliance with applicable building and~~
2 ~~housing codes as required under subsection 5.73.040.A.4)) an affidavit from the ((owner))~~

3 Owner verifying that the residential portion of the building ~~((has been))~~ was vacant for a period
4 of at least 24 months prior to ((filing the application)) issuance of the first building permit; and

5 ~~((5. — A housing market study that includes comparable rents or sales prices in~~
6 ~~other nearby housing projects; and~~

7 ~~6))~~ 5. A recent title report ((confirming)) that confirms the legal description and
8 ownership of the property ((where)) that includes the Multifamily Housing; ((is or will be
9 located;)) ((evidence)) documentation satisfactory to the Director ((concerning)) of the type and
10 organizational structure of the Owner; ((entity or entities and organizational structure;)) a sample
11 signature block for the ((Owner(s))) Owner; and evidence satisfactory to the Director of
12 authority of the ((person or persons signing)) Owner representative that signed the MFTE
13 application.

14 B. ~~((At the time of))~~ The MFTE application ((under)) according to this Section
15 5.73.050 ((, the Owner)) shall ((pay to the City an initial application fee)) include a non-
16 refundable check payable to The City of Seattle in the amount of \$10,000 if fewer than 75
17 percent of the total ((units)) Dwelling Units, SEDUs, and Congregate Residence sleeping rooms
18 in ((a project for which a tax exemption is sought under this Chapter 5.73 are Affordable Units))
19 the Multifamily Housing are rent and income restricted, or \$4,500 if at least 75 percent of the
20 total ((units)) Dwelling Units, SEDUs, and Congregate Residence sleeping rooms in ((a project
21 for which a tax exemption is sought under this Chapter 5.73 are Affordable Units)) the
22 Multifamily Housing are rent and income restricted. The Director shall have authority to increase
23 the MFTE application fee by up to five percent each calendar year unless revised by ordinance.

1 C. ~~((The Director shall notify the Owner within 28 days of the application being filed~~
2 ~~if the Director determines that an application is not complete and shall identify what additional~~
3 ~~information is required before the application will be complete. Within 28 days of receiving~~
4 ~~additional information, the Director shall notify the Owner in writing if the Director determines~~
5 ~~that the application is still not complete, and what additional information is necessary. An~~
6 ~~application shall be deemed to be complete if the Director does not notify the Owner in writing~~
7 ~~by the deadlines in this Section 5.73.050 that the application is incomplete; however, a~~
8 ~~determination of completeness does not preclude the Director from requiring additional~~
9 ~~information during the review process if more)) The Office of Housing may request additional
10 information if such information ~~((is needed))~~ to evaluate or to complete the MFTE application
11 according to the criteria in this Chapter 5.73.~~

12 D. ~~((The deadline for))~~ In the case of new Multifamily Housing, the Owner must
13 submit a complete MFTE application ~~((shall be any time before, but no later than, the date the~~
14 first building permit under Title 22 is issued.)) to the Office of Housing at least 180 days prior to
15 the date of the temporary certificate of occupancy or permanent certificate of occupancy if no
16 temporary certificate is issued, for the Multifamily Housing. In the case of Rehabilitation
17 Improvements, the Owner must submit a complete MFTE application and secure from SDCI
18 verification of property noncompliance with applicable building and housing codes at least 180
19 days prior to issuance of the first building permit for the Multifamily Housing.

20 E. All references to the date of the MFTE application according to this Chapter 5.73
21 shall mean the date ~~stamp documenting receipt of approval~~ by the Office of Housing of the
22 MFTE application.

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1 Section 6. Section 5.73.060 of the Seattle Municipal Code, last amended by Ordinance
2 124877, is amended as follows:

3 **5.73.060 Application review—Issuance of ~~((conditional certificate))~~ Conditional**
4 **Certificate—Denial—Appeal—Recording of ~~((contract))~~ Contract**

5 A. The Director shall ~~((approve or deny))~~ provide written notice of approval or
6 denial of an MFTE application ~~((under))~~ according to this Chapter 5.73 within 90 days ~~((after a))~~
7 of receipt of the complete MFTE application ~~((is submitted to the Director))~~ in accordance with
8 Section 5.73.050.

9 B. If the MFTE application is approved, the Owner shall promptly enter into a
10 ~~((contract with the City containing the terms and conditions and eligibility for exemption under~~
11 ~~this Chapter 5.73))~~ Contract.

12 C. The Director is authorized to cause the Contract to be recorded, or require the
13 Owner to record the Contract, in the real property records of the King County Recorder's Office
14 ~~((, the contract or such other document(s) as will identify such terms and conditions of eligibility~~
15 ~~for exemption under this Chapter 5.73 as the Director deems appropriate for recording, including~~
16 ~~the affordability requirements under this Chapter 5.73)).~~

17 D. ~~((Following))~~ After execution of the ~~((contract by the Owner and the City))~~
18 Contract, the Director shall issue a Conditional Certificate, ~~((of Acceptance of Tax Exemption~~
19 ~~("Conditional Certificate"). The Conditional Certificate))~~ which shall expire three years from the
20 date of ~~((approval))~~ the MFTE application according to ~~subsection 5.73.050.D and~~ subsection
21 5.73.050.E, unless ~~((an extension is granted as provided in this Chapter 5.73))~~ extended
22 according to Section 5.73.070.

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1 E. If the application is denied, the Director shall state in writing the reasons for the
2 denial and send written notice of denial to the Owner's last known address within ten days of the
3 denial.

4 F. ~~((An))~~ The Owner may appeal ~~((the Director's))~~ a denial of ~~((the))~~ an application
5 by filing an appeal to the City Council, provided the appeal is filed with the City Clerk within 30
6 days of receipt of the denial. The appeal before the City Council will be based on the record
7 before the Director, and the Director's decision will be upheld unless the Owner can show that
8 there is no substantial evidence in the record to support the Director's decision. The City
9 Council's decision on appeal is final.

10 Section 7. Section 5.73.065 of the Seattle Municipal Code, last amended by Ordinance
11 123550, is amended as follows:

12 **5.73.065 Amendment of Contract**

13 A. An Owner may ~~((seek an))~~ submit a written request for amendment of the
14 ~~((contract between the Owner and the City by submitting a request in writing))~~ Contract to the
15 Director ~~((at any time prior to receiving the))~~ provided such request is received by the Office of
16 Housing prior to issuance of the Final Certificate. ~~((of Tax Exemption ("Final Certificate").))~~

17 B. The date for expiration of the Conditional Certificate shall not be extended by
18 ~~((contract))~~ amendment to the Contract unless the Director determines that all the conditions for
19 extension are met as set forth in Section 5.73.070. ~~((are met.))~~

20 Section 8. Section 5.73.070 of the Seattle Municipal Code, last amended by Ordinance
21 124877, is amended as follows:

22 **5.73.070 Extension of Conditional Certificate**

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1 A. The expiration date of the Conditional Certificate (~~(of Tax Exemption)~~) may be
2 extended by the Director (~~(for a period not to exceed)~~) by up to 24 (~~(consecutive)~~) months
3 provided (~~(-The)~~) the Owner (~~(shall submit)~~) submits to the Director a written request, stating
4 the grounds for the extension, at least 60 days prior to expiration of the Conditional Certificate
5 according to subsection 5.73.060.D, together with a fee of (~~(\$200)~~) \$500 for the City’s
6 administrative cost to process the request. The Director may grant an extension if the Director
7 determines that:

8 ((A)) 1. The anticipated failure to complete new Multifamily Housing or
9 Rehabilitation Improvements within the required time period is due to circumstances beyond the
10 control of the Owner; and

11 ((B)) 2. The Owner has been acting and could reasonably be expected to
12 continue to act in good faith and with due diligence; and

13 ((C)) 3. All the conditions of the (~~(original contract between the Owner and~~
14 ~~the City))~~ Contract will be satisfied upon completion of the Project.

15 B. If the Conditional Certificate expires according to subsection 5.73.060.D and a
16 request for an extension is not received according to subsection 5.73.070.A, the City shall
17 assume the MFTE application has been withdrawn by the Owner.

18 Section 9. Section 5.73.080 of the Seattle Municipal Code, last amended by Ordinance
19 124877, is amended as follows:

20 **5.73.080 Final Certificate—Application—Issuance—Denial and appeal**

21 A. (~~(Upon completion of the rehabilitation improvements or new construction as~~
22 ~~provided in the contract between the Owner and the City, and upon)~~) The Owner shall submit an
23 application for Final Certificate to the Director, on a form provided by the Office of Housing,

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1 within 30 days of completion of the Multifamily Housing as documented by ((issuance of) a
2 temporary certificate of occupancy, or a permanent certificate of occupancy if no temporary
3 certificate is issued, or as documented by the final building permit inspection if no certificate of
4 occupancy is required. ((the Owner may request a Final Certificate.))

5 B. The Owner shall file with the Director such information as the Director may deem
6 necessary or useful to evaluate eligibility for ~~((the))~~ a Final Certificate, ~~((and shall include))~~
7 including:

8 1. A statement of total expenditures made with respect to the Multifamily
9 Housing, including each ((housing unit)) Dwelling Unit, SEDU, and Congregate Residence
10 sleeping room; ((and the total expenditures made with respect to the entire multifamily housing
11 project;))

12 2. A description of the completed ~~((work))~~ Project and a statement of
13 qualification for the exemption under this Chapter 5.73;

14 ~~((3. — A brief written description of the units, and schematic site plans, floor~~
15 ~~plans, and unit layouts of the Multifamily Housing units and the structure(s) in which they are~~
16 ~~proposed to be located; every unit layout must include detailed information that adequately~~
17 ~~demonstrates the number of Bedrooms, consistent with the definition included in Section~~
18 ~~5.73.020;))~~

19 3. Final plan set approved by SDCI that includes gross floor area by use,
20 schematic site plan, and standard floor plans for the Dwelling Units, SEDUs, and Congregate
21 Residence sleeping rooms, including proposed MFTE Units;

22 4. ~~((A statement that the work was completed))~~ Documentation of
23 completion of the Multifamily Housing within ((the required three year period)) three years of

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1 the date of the MFTE application according to ~~subsection 5.73.050.D and~~ subsection 5.73.050.E,

2 or ~~((any approved extension))~~ other date if extended according to Section 5.73.070; ~~((and))~~

3 5. ~~((Information on))~~ Documentation of the Owner's compliance with the
4 ~~((affordability))~~ requirements in ~~((subsections 5.73.040.B and 5.73.040.C.))~~ Section 5.73.040, as
5 applicable;

6 6. Statement describing any changes to the MFTE application for the
7 Multifamily Housing as originally approved by the Director;

8 7. A housing market study that includes (a) the comparable rents or sales
9 prices, as applicable, for other multifamily housing in the neighborhood market area, and (b) the
10 market rent or sales price for each of the MFTE Units proposed to be designated according to
11 subsection 5.73.040.B or subsection 5.73.040.C, as applicable;

12 8. A statement confirming that the title report on file with the Office of
13 Housing for the property that includes the Multifamily Housing is current and accurate; and

14 9. A statement confirming that the documentation on file with the Office of
15 Housing of the type and organizational structure of the Owner, signature block for the Owner,
16 and authority of the Owner representative that signed the Contract is all current and accurate.

17 ~~((B)) C.~~ ~~((At the time of application for Final Certificate under this Section~~
18 5.73.080, the)) The applicant shall ~~((pay a fee as determined by))~~ provide a check payable to the
19 Assessor to cover the Assessor's fee for administrative costs upon notification that the
20 application for Final Certificate has been approved. ~~((If the Director approves the application,~~
21 the)) The City will forward the ~~((fee))~~ check for the Assessor's administrative costs to the
22 Assessor. ~~((If the Director denies the application, the City will ~~((refund the fee))~~ return the check~~
23 for the Assessor's administrative costs to the applicant.))

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1 ~~((C))~~ D. Within 30 days of receipt of ~~((all materials required for))~~ a complete Final
2 Certificate application, the Director shall ~~((determine whether the completed multifamily~~
3 ~~housing is consistent with the contract between the City and owner, and whether it satisfies the~~
4 ~~requirements of and is qualified for exemption under))~~ notify the Owner in writing of the
5 decision to approve or deny the request to file a Final Certificate for the Multifamily Housing
6 with the county according to this Chapter 5.73.

7 ~~((D))~~ E. If the ~~((Director determines that the multifamily housing has been~~
8 ~~completed in accordance with the contract between the applicant and the City and the~~
9 ~~requirements of this Chapter 5.73))~~ Final Certificate application is approved, the City shall file a
10 Final Certificate ~~((of Tax Exemption))~~ with the Assessor within ten days of the expiration of the
11 30-day period provided under subsection ~~((5.73.080.C))~~ 5.73.080.D.

12 ~~((E.—The Director shall notify the applicant in writing that the City will not file a Final~~
13 ~~Certificate if the Director determines that the multifamily housing was not completed within the~~
14 ~~required three-year period or any approved extension or was not completed in accordance with~~
15 ~~the contract between the applicant and the City and the requirements of this Chapter 5.73.))~~

16 F. The ~~((applicant))~~ Owner may ~~((file an))~~ appeal ~~((of the Director's))~~ a decision that
17 the Multifamily Housing does not qualify for a tax exemption under this Chapter 5.73 ~~((a Final~~
18 ~~Certificate will not be issued))~~ to the King County Superior Court provided the appeal is filed
19 within 30 days of receiving notice of ~~((that))~~ the decision.

20 ~~((G.—Within two weeks of lease-up of all Affordable Units and no later than January 31~~
21 ~~of the first year of tax exemption, the Owner shall file a compliance certification with the~~
22 ~~Director substantially similar in format and content to the annual property certification described~~
23 ~~in subsection 5.73.100.A.))~~

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1 Section 10. Section 5.73.090 of the Seattle Municipal Code, last amended by Ordinance
2 124877, is amended as follows:

3 **5.73.090 Exemption—Duration—Limits**

4 A. The value of Multifamily Housing qualifying under this Chapter 5.73 will be
5 exempt from ad valorem property taxation as provided in RCW 84.14.020(1) as follows:

6 1. For eligible ~~((rental))~~ renter-occupied Multifamily Housing as provided in
7 ~~((Section 5.73.040))~~ this Chapter 5.73, for up to 12 successive years beginning January 1 of the
8 year immediately following the calendar year of the date ~~((issuance))~~ of the Final Certificate; or

9 2. For eligible ~~((units in))~~ owner-occupied MFTE Units in Multifamily
10 Housing as provided in ~~((Section 5.73.040, for eight successive years beginning January 1st of~~
11 ~~the year immediately following the calendar year of issuance of the Final Certificate; or if at least~~
12 ~~20 percent of all units in the owner-occupied Multifamily Housing are eligible units))~~ this
13 Chapter 5.73, for up to 12 successive years beginning January 1 of the year immediately
14 following the calendar year of the date ~~((issuance))~~ of the Final Certificate.

15 B. The property tax exemption for Multifamily Housing does not apply to the value
16 of land or to the value of non-residential improvements or to the value of other improvements not
17 qualifying under this Chapter 5.73, nor does the exemption apply to increases in assessed
18 valuation of land and non-qualifying improvements, or to increases made by lawful order of the
19 King County Board of Equalization, the Washington State Department of Revenue, State Board
20 of Tax Appeals, or King County, to a class of property throughout the county or a specific area
21 of the county to achieve uniformity of assessment or appraisal as required by law.

22 Section 11. Section 5.73.100 of the Seattle Municipal Code, last amended by Ordinance
23 124877, is amended as follows:

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1 **5.73.100 Annual ~~((property))~~ Project certification**

2 A. At such times as may be required by the Director, but no less than annually for the
3 duration of the Compliance Period, the Owner shall file a Project certification with the Director,
4 verified upon oath or affirmation, which shall contain such information as the Director may
5 deem necessary or useful, ~~((and shall include the following information))~~ including but not
6 limited to:

7 1. ~~((A))~~ For each Dwelling Unit, SEDU, or Congregate Residence sleeping
8 unit located in the Multifamily Housing qualifying under this Chapter 5.73, including each
9 MFTE Unit, a statement of ~~((occupancy and))~~ the average vacancy rate and average contract
10 rent, net of utility, sewer capacity charge, renter's insurance, and any other fees that are a
11 condition of the lease ~~((of the Multifamily Housing units during))~~ for the previous calendar year;

12 2. A certification that the amount of gross floor area in Permanent
13 Residential Occupancy at the Multifamily Housing ~~((has not changed use since))~~ is the same as
14 verified at the date of ~~((filing of))~~ the Final Certificate ~~((of Tax Exemption))~~, and ~~((continues to~~
15 be)) is in compliance with the ~~((contract with the City))~~ Contract and the requirements of this
16 Chapter 5.73;

17 3. A description of ~~((any))~~ improvements or ~~((changes))~~ modifications to the
18 Multifamily Housing, if any, made after the ~~((filing))~~ date of the Final Certificate ~~((of Tax~~
19 Exemption)) or last ~~((declaration))~~ annual Project certification, as applicable;

20 4. ~~((Information demonstrating))~~ Documentation of compliance with the
21 ~~((affordability))~~ requirements of ~~((subsections 5.73.040.B and 5.73.040.C))~~ Section 5.73.040, as
22 applicable; ~~((and))~~

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1 5. ~~((The))~~ For renter-occupied MFTE Units, verified annual income of each
2 ~~((renter household))~~ Eligible Household at the time of initial lease-up or the most recent income
3 ~~((verification during the reporting period))~~ recertification, and for owner-occupied MFTE Units,
4 the verified annual income of each ((initial purchaser of owner-occupied units at the time of))
5 Eligible Household at the time of initial purchase; ~~and~~ ((for each of the units receiving a tax
6 exemption, if available.))

7 6. Property tax assessment for the previous calendar year.

8 B. The first Project certification shall be filed with the Office of Housing within 90
9 days of issuance of the temporary certificate of occupancy for the Multifamily Housing, or
10 permanent certificate of occupancy if no temporary certificate of occupancy is required, or SDCI
11 final building permit inspection if no certificate of occupancy is required.

12 C. Failure to submit ~~((the))~~ an annual ((declaration)) Project certification may result
13 in cancellation of the tax exemption according to Section 5.73.110.

14 ~~((C))~~ D. ~~((After the end of the Compliance Period, and at such times as may be~~
15 ~~required by the Director, the))~~ The Owner shall file a certification with the Director, verified
16 upon oath or affirmation, containing the ((rent levels being charged for the units that were
17 ~~designated as Affordable Units in))~~ average vacancy rate and average contract rent, net of utility,
18 sewer capacity, renter's insurance, and any other fees that are a condition of the lease, for each
19 Dwelling Unit, SEDU, or Congregate Residence sleeping room in the Multifamily Housing, for
20 the final calendar year of the Compliance Period and for the calendar year immediately following
21 the Compliance Period. The first certification according to this subsection 5.73.100.D shall be
22 filed with the Office of Housing by March 31 following the expiration of the Compliance Period

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1 and the second certification according to this subsection 5.73.100.D shall be filed by March 31 of
2 the subsequent year.

3 ~~((D. — The Director will annually analyze rent level information for Affordable units in~~
4 ~~buildings that received a Final Certificate of Tax Exemption seven years prior, compared with~~
5 ~~rent levels for market rate units of comparable size and age that are located in comparable~~
6 ~~neighborhoods and include this analysis in the Director's annual report to the City Council.))~~

7 ~~((D)) E. — The Director will ((annually)) analyze rent ((level information)) data for~~
8 ~~((Affordable units)) both market rate and MFTE Units in ((buildings)) Multifamily Housing~~
9 ~~((that received)) for which a Final Certificate is issued ((of Tax Exemption seven years prior,~~
10 ~~compared with rent levels for market rate units of comparable size and age that are located in~~
11 ~~comparable neighborhoods)) and will include this analysis in ((the Director's)) an annual report~~
12 ~~to the City Council. The Director will also analyze changes in the housing market and may~~
13 ~~recommend changes to the program, as appropriate, prior to the expiration of the program.~~

14 Section 12. Section 5.73.105 of the Seattle Municipal Code, enacted by Ordinance
15 124877, is amended as follows:

16 **5.73.105 Annual income certification**

17 A. Income certifications shall be in accordance with standardized procedures and
18 policies established by the Office of Housing for administration of this Chapter 5.73 and other
19 programs that incentivize the inclusion of rent and income restricted units in predominantly
20 market-rate residential buildings. ~~((For renter-occupied Affordable Units, the Owner shall obtain~~
21 ~~from each tenant, no less than annually, a certification of Family size and Annual Income in form~~
22 ~~acceptable to the City. For owner-occupied Affordable Units, the Owner must obtain a~~
23 ~~certification of Family size and Annual Income at initial purchase. The Owner shall examine the~~

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1 ~~income of each tenant Family in accordance with 24 C.F.R 5.609, with guidance from the HUD~~
2 ~~Occupancy Handbook, 4350.3 Chapter 5. The Owner also shall examine the income and Family~~
3 ~~size of any tenant Family at any time when there is evidence that the tenant's written statement~~
4 ~~was not complete or accurate. If so requested by the City, the Owner shall obtain such~~
5 ~~certifications and/or examine incomes and Family sizes at any other times upon reasonable~~
6 ~~advance notice from the City. The Owner shall maintain all certifications and documentation~~
7 ~~obtained under this subsection 5.73.105.A on file for at least six years after they are obtained,~~
8 ~~and shall make them available to the City for inspection and copying promptly upon request.~~

9 ~~B. Owners must attempt to obtain Third Party Verification whenever possible to~~
10 ~~substantiate income at each certification. The verification documents must be supplied directly to~~
11 ~~the independent source by the Owner and returned directly to the Owner from the independent~~
12 ~~source. In the event that the independent source does not respond to the Owner's faxed, mailed,~~
13 ~~or emailed request for information, the Owner may pursue oral third party verification. If written~~
14 ~~or oral third party documentation are not available, the Owner may accept original documents~~
15 ~~(pay stubs, W 2, etc.) at the discretion of the Director and must document why third party~~
16 ~~verification was not available. At the discretion of the Director, the Owner may accept tenant~~
17 ~~self certifications from households in Affordable Units after the initial income verification and~~
18 ~~first annual recertification.~~

19 ~~€)) B. For renter-occupied ((Affordable)) MFTE Units, the Owner shall ((continue to))~~
20 ~~charge ((Income)) Eligible ((Occupants)) Households no more than the ((maximum affordable~~
21 ~~rent allowable)) Affordable Rent until the annual income of the ((Family in the Affordable Unit))~~
22 ~~Eligible Household is determined upon recertification to ((be more than 150 percent of)) equal or~~
23 ~~exceed 1.5 times the ((income limit for the class of the Affordable)) maximum annual income for~~

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1 the MFTE Unit according to the percentage of Median Income as designated according to
2 subsection 5.73.040.B.

3 ~~((D))~~ C. If, upon recertification of income, the ~~((Annual Income of a Family in one~~
4 ~~of the Affordable Units))~~ annual income of a tenant of an MFTE Unit equals or exceeds ((150
5 percent of)) 1.5 times the ((income limit for the class of the Unit, the Family ceases to be an
6 Income Eligible Occupant)) maximum annual income for the MFTE Unit according to the
7 percentage of Median Income as designated according to subsection 5.73.040.B, the tenant shall
8 no longer be an Eligible Household ((-The)) and the next available ((unit of comparable size and
9 amenities must)) Dwelling Unit, SEDU, or Congregate Residence sleeping room in the
10 Multifamily Housing that is comparable to the MFTE Unit occupied by such tenant shall be
11 designated as an ((Affordable Unit)) MFTE Unit and leased to an ((Income Eligible Occupant))
12 Eligible Household. ((The initial over income unit)) Upon lease-up of the comparable MFTE
13 Unit, the unit occupied by the tenant no longer qualifying as an Eligible Household may ((then))
14 be ((charged a)) leased at market-rate rent.

15 Section 13. Section 5.73.110 of the Seattle Municipal Code, last amended by Ordinance
16 124877, is amended as follows:

17 **5.73.110 Cancellation of tax exemption—Appeal**

18 A. If at any time the Director determines that the ~~((multifamily housing))~~
19 Multifamily Housing no longer complies with the terms of the ~~((contract))~~ Contract or with the
20 requirements of this Chapter 5.73, or for any reason no longer qualifies for the tax exemption,
21 the tax exemption shall be canceled and additional taxes, interest, and penalty imposed pursuant
22 to State law.

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1 B. If the ~~((owner))~~ Owner intends to convert the ~~((multifamily housing))~~ Multifamily
2 Housing to another use or, if applicable, the Owner intends to not comply with any condition to
3 the tax exemption under this Chapter 5.73 or to terminate the Contract, the ~~((owner must))~~
4 Owner shall notify the Director and the ~~((King County))~~ Assessor within 60 days ~~((of the))~~ prior
5 to the change in use, noncompliance, or termination. Upon ~~((such change in use))~~ receipt of such
6 notice, the tax exemption shall be canceled and additional taxes, interest, and penalty imposed
7 pursuant to State law.

8 C. Upon determining that a tax exemption shall be canceled, the Director shall notify
9 the ~~((owner))~~ Owner by certified mail, return receipt requested. The ~~((owner))~~ Owner may
10 appeal the determination ~~((by filing))~~ provided a notice of appeal specifying the factual and legal
11 basis on which the determination of cancellation is alleged to be erroneous is filed with the
12 Hearing Examiner within 30 days ~~((, specifying the factual and legal basis for the appeal))~~ of
13 receipt of notice of cancellation. The Hearing Examiner will conduct a hearing pursuant to
14 Section 3.02.090 at which all affected parties may be heard and all competent evidence received.
15 The Hearing Examiner shall affirm, modify, or reverse the decision to cancel the exemption
16 based on the evidence received. The Hearing Examiner shall give substantial weight to the
17 Director's decision and the burden of overcoming that weight shall be upon the appellant. An
18 aggrieved party may appeal the Hearing Examiner's decision to the King County Superior Court
19 as provided in RCW 34.05.510 through 34.05.598.

20 Section 14. Section 5.73.120 of the Seattle Municipal Code, last amended by Ordinance
21 124877, is amended as follows:

1 **5.73.120 Expiration of program ((=))**

2 The tax exemption program established by this ~~((chapter))~~ Chapter 5.73 shall expire on
3 December 31, ~~((2019))~~ 2023, unless extended by the City Council by ordinance. Upon
4 expiration, no ~~((further))~~ additional MFTE applications under Section 5.73.050 shall be accepted.
5 ~~((Incomplete applications shall be returned to the Owner.))~~ Pending ~~((applications for a~~
6 ~~Conditional Certificate, extension of))~~ Conditional Certificates and Final Certificates shall be
7 processed as provided ~~((in))~~ according to this ~~((chapter))~~ Chapter 5.73.

8 Section 15. A new Section 5.73.130 is added to the Seattle Municipal Code as follows:

9 **5.73.130 Annual report**

10 The Office of Housing shall report to the City Council on the MFTE program as follows:

11 A. Annually in March, the Office of Housing will report on MFTE applications,
12 including project types, sizes, locations, unit mixes and MFTE set asides, and will analyze rent
13 data for both market-rate and MFTE Units in Multifamily Housing for which a Final Certificate
14 is issued. The Director will also annually report on the value of the tax exemption granted,
15 changes in the housing market, and changes to State law related to the MFTE program and labor
16 standards. The Director may recommend changes to the program based on report findings, as
17 appropriate, prior to the expiration of the program.

18 B. Semiannually in September, the Office of Housing will report on MFTE
19 applications, including project types, sizes, locations, unit mixes and MFTE set asides.

20 Section 16. The Executive shall collect labor-related data on projects participating in the
21 MFTE program to advance labor equity outcomes, including payment of prevailing wages, in
22 housing development in Seattle. This data shall include, but not be limited to: construction wage
23 information, apprentice utilization, number of workers graduating from pre-apprenticeship

Attachment 1: Proposed Substitute (CB 119615)

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1 programs, and the number of workers who participated in mentoring and other training
2 programs. The Office of Housing shall include the requested data in the annual report required
3 by Section 5.73.130. The Office of Housing shall work with MFTE developers, labor unions, and
4 executive agencies to identify ways to comply with and minimize the administrative costs
5 associated with this data collection and submittal process. The Office of Housing shall have the
6 authority, including rule-making authority, to require an Owner to provide the data as part of the
7 Owner's annual Project certification under Section 5.73.100.

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Attachment 1: Proposed Substitute (CB 119615)

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1 Section ~~15~~17. This ordinance shall take effect and be in force 30 days after its approval
2 by the Mayor, but if not approved and returned by the Mayor within ten days after presentation,
3 it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

4 Passed by the City Council the _____ day of _____, 2019,
5 and signed by me in open session in authentication of its passage this ____ day of
6 _____, 2019.

7 _____
8 President _____ of the City Council

9 Approved by me this _____ day of _____, 2019.

10 _____
11 Jenny A. Durkan, Mayor

12 Filed by me this _____ day of _____, 2019.

13 _____
14 Monica Martinez Simmons, City Clerk

15 (Seal)

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