

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

WHEREAS, for purposes of MFTE, all land zoned for multifamily housing in Seattle is consistent with the definition of “urban center” pursuant to chapter 84.14 RCW; and

WHEREAS, a hearing on Council Bill 118505, which identified the proposed Residential Targeted Area, was held on September 17, 2015, in accordance with RCW 84.14.040; and

WHEREAS, Ordinance 124877 designates all land zoned for multifamily housing in Seattle as a Residential Targeted Area pursuant to Section 5.73.030; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

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

1 **5.73.010 Purpose**

2 The purpose of this Chapter 5.73 is to increase ~~((the supply of))~~ affordable ~~((Multifamily~~
3 ~~Housing))~~ housing opportunities in new multifamily housing, including through rehabilitation of
4 vacant buildings, within the ~~((City for Low Income Households and Moderate Income~~
5 ~~Households))~~ city of Seattle. To achieve these purposes, this Chapter 5.73 provides for special
6 valuations of eligible improvements in ~~((order to promote fair housing, provide))~~ areas zoned for
7 multifamily developments. In addition to increasing affordable housing, ~~((choice, and address~~
8 ~~displacement. This purpose may be furthered by the designation of a Residential Targeted Area~~
9 ~~under this))~~ Chapter 5.73 seeks to affirmatively further fair housing as Seattle grows. Chapter
10 5.73 is intended to and should be interpreted and construed to comply with chapter 84.14 RCW.

11 Section 2. Section 5.73.020 of the Seattle Municipal Code, last amended by Ordinance
12 124877, is amended as follows:

13 **5.73.020 Definitions**

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

18 ~~((“Affordable Unit” means a unit that is rented at an Affordable Rent to an Income~~
19 ~~Eligible Occupant or sold to an Income Eligible Occupant for owner occupied Multifamily~~
20 ~~Housing.~~

21 “Annual Income” means the annual income of a Family as determined, ~~unless otherwise~~
22 ~~approved in writing by the City, in accordance with 24 C.F.R Section 5.609 or successor~~
23 ~~provision. The Owner shall follow the requirements in 24 C.F.R Section 5.617 when making~~

1 ~~subsequent Annual Income determinations of persons with disabilities after their initial~~
2 ~~occupancy.))~~

3 “Assessor” means the King County Assessor.

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

5 (1) gross floor area (~~(measures are no less than)~~) equals at least 70 square feet; (2) wall
6 (~~(dimension measures are no less than)~~) dimensions equal at least 7 feet; (3) natural lighting is
7 provided through an exterior opening in accordance with Section 1205.2.2 of the Seattle
8 Building Code, ~~or ((, in the case of))~~ through an opening to an adjoining (~~(spaces,))~~ room in
9 accordance with Section 1205.2.1 of the Seattle Building Code; (4) natural ventilation is
10 provided through an exterior opening (~~(to the outdoors))~~ in accordance with Section 1203.5.1 of
11 the Seattle Building Code, ~~or ((, in the case of))~~ through an opening to an adjoining (~~(spaces,))~~
12 room in accordance with Section 1203.5.1.1 of the Seattle Building Code, ~~or ((, in the case of))~~
13 through an ((openings)) opening below grade (~~(,))~~ in accordance with Section 1203.5.1.2 of the
14 Seattle Building Code; and (5) the habitable room is completely separated from other portions of
15 the Dwelling Unit by walls and one or more exit access ((doorway(s)) doorways, consistent with
16 Chapter 2 of the Seattle Building Code, ~~((, provide a complete separation from the rest of the~~
17 ~~Dwelling Unit.))~~

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

22 “Congregate Residence” (~~(means a use in which rooms or lodging, with or without meals,~~
23 ~~are provided for nine or more non-transient persons not constituting a single household,~~

1 ~~excluding single family Dwelling Units for which special or reasonable accommodation has~~
2 ~~been granted, pursuant)) is defined according to Section 23.84A.006.~~

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

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

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

12 “Dwelling Unit” ~~((means a room or rooms located within a structure that are configured~~
13 ~~to meet the standards of Section 23.42.048 and that are occupied or intended to be occupied by~~
14 ~~not more than one household as living accommodations independent from any other household,~~
15 ~~pursuant)) is defined according to Section 23.84A.008.~~

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

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

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

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

2 1. ~~((that the))~~ A renter household with total annual income, certified as a
3 condition to ~~((at))~~ initial occupancy of an MFTE Unit, ~~((the household that will occupy the unit~~
4 ~~is))~~ no greater than the applicable percentage of Median Income ~~((designated in this Chapter~~
5 ~~5.73))~~ for the MFTE Unit according to subsection 5.73.040.B; or

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

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

14 “Final Certificate” means a Final Certificate of Tax Exemption.

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

17 “Median Income” means the annual median family income for the Seattle area, as
18 published from time to time by the United States Department of Housing and Urban
19 Development (HUD), ~~((for the Section 8 program))~~ with adjustments according to household
20 size, which adjustments shall generally be based upon a method used by HUD to adjust income
21 limits for subsidized housing, and which adjustments for purposes of determining affordability of
22 rents or sale prices shall be based on the average size of household considered to correspond to
23 the size of the housing unit, all in a manner determined by the Director. ~~((If in any year HUD~~

1 ~~shall publish median family income data for more than one area that includes Seattle, then unless~~
2 ~~otherwise approved in writing by the Director of the Office of Housing, the lowest of such~~
3 ~~median family income figures shall be used. If, at any time, Median Income for a Family size~~
4 ~~cannot be determined under the foregoing sentences based on data published by HUD for the~~
5 ~~Seattle area within the most recent 13 months, then the City may determine Median Income for~~
6 ~~such Family size based on any data for the Seattle area or an area including Seattle, published or~~
7 ~~reported by a federal, state, or local agency, as the City shall select in its sole discretion, adjusted~~
8 ~~for Family size in such manner as the City shall determine in its sole discretion.)) In addition,~~
9 further adjustments shall be made so that Median Income will not decrease from the prior year
10 nor increase more than four and one-half percent from the prior year. The Median Income most
11 recently published by the Director shall be used to calculate income limits and correlating rent or
12 sale price limits. The Director may establish by rule the method for determining Median Income.

13 “MFTE Unit” means a Dwelling Unit, SEDU, or Congregate Residence sleeping room in
14 Multifamily Housing that is rented at an Affordable Rent to an Eligible Household according to
15 subsection 5.73.040.B, or sold at an affordable price to an Eligible Household according to
16 subsection 5.73.040.C.

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

19 ~~“Multifamily Housing” means ((a building or buildings, including associated housing~~
20 ~~improvements, having)) the residential uses in one or more residential or mixed-use structures,~~
21 each of which includes at least four ((or more)) net new Dwelling Units, SEDUs, ((in each
22 building, or four or more housing units in a)) or Congregate Residence ((;) sleeping rooms
23 ~~designed for Permanent Residential Occupancy ((, either rental or Owner-occupied, resulting~~

1 ~~from new construction or rehabilitation or conversion of vacant, underutilized, or substandard~~
2 ~~buildings))~~ for which a property tax exemption under this Chapter 5.73 may be eligible.

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

4 “Permanent Residential Occupancy” means ~~((Multifamily Housing that provides either~~
5 ~~rental or owner occupancy for a period of at least one month))~~ Dwelling Units, SEDUs, or
6 Congregate Residence sleeping rooms that provide permanent residences for renter or owner
7 households. This excludes hotels, ~~((and))~~ motels, short-term rentals, and other residences that
8 predominately offer rental or vacation ~~((accommodation))~~ accommodations on a monthly,
9 weekly, or daily ~~((or weekly))~~ basis.

10 “Project” means the project, as identified by a current SDCI record number, that includes
11 Multifamily Housing ~~((or portion of the Multifamily Housing that is to receive the tax~~
12 ~~exemption)).~~

13 “Rehabilitation Improvements” means the creation of at least four net new Dwelling
14 Units, SEDUs, or Congregate Residence sleeping rooms through either: (1) ((modifications))
15 Substantial Improvements to ~~((an existing))~~ a building that fails to comply with one or more
16 applicable Seattle Building Code standards according to Title 22, the residential portion of which
17 has been vacant for at least ~~((12))~~ 24 months prior to ~~((application for exemption under this~~
18 ~~Chapter 5.73; that are made to achieve a condition of Substantial Compliance with the applicable~~
19 ~~building and construction codes contained or incorporated in Title 22;))~~ issuance of the first
20 building permit; or (2) ((modifications)) Substantial Improvements to ~~((an existing occupied~~
21 ~~residential))~~ a building ~~((or mixed-use building))~~ that contains occupied residential units, ~~((which~~
22 ~~add at least four new Dwelling Units, or at least four new housing units in a Congregate~~

1 Residence)) provided the Project causes no “displacement” as defined in subsection
2 22.210.030.E.

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

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

6 “SEDU” means “Dwelling unit – small efficiency” as defined according to Section
7 23.84A.008.

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

11 “Substantial Improvement” means any repair, reconstruction, rehabilitation, alteration,
12 addition, or other improvement of a building or structure, the cost of which, in any five-year
13 period, equals or exceeds 50 percent of the market value of the structure before the improvement
14 or repair is started. If the structure has sustained damage whereby the cost of restoring the
15 structure to its before-damaged condition would equal or exceed 50 percent of the market value
16 of the structure before the damage occurred, any repairs are considered substantial improvement
17 regardless of the actual repair work performed.

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

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

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

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

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

5 Section 3. Section 5.73.030 of the Seattle Municipal Code, last amended by Ordinance
6 124877, is amended as follows:

7 **5.73.030 Residential Targeted ((Areas)) Area—Criteria—Designation**

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

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

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

16 b. ~~— Adequate public infrastructure including streets, sidewalks,~~
17 lighting, transit, domestic water, and sanitary sewer systems; and

18 c. ~~— A mixture of uses and activities that may include housing,~~
19 recreation, and cultural activities in association with commercial uses.

20 2. The Residential Targeted Area lacks sufficient available, desirable, and
21 convenient residential housing, including affordable housing, to meet the needs of ~~((the public))~~
22 low- and moderate-income households who would be likely to live in the ~~((Urban Center if~~

1 ~~desirable, attractive, affordable and livable residences))~~ urban center if such housing were
2 available; and

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

6 3. The Residential Targeted Area shall increase Multifamily Housing and
7 affordable housing opportunities.

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

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

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

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

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

21 ~~€) B. ((At any time the))~~ The Council may ((by ordinance)), in its sole discretion,
22 amend or rescind the designation of a Residential Targeted Area at any time by ordinance

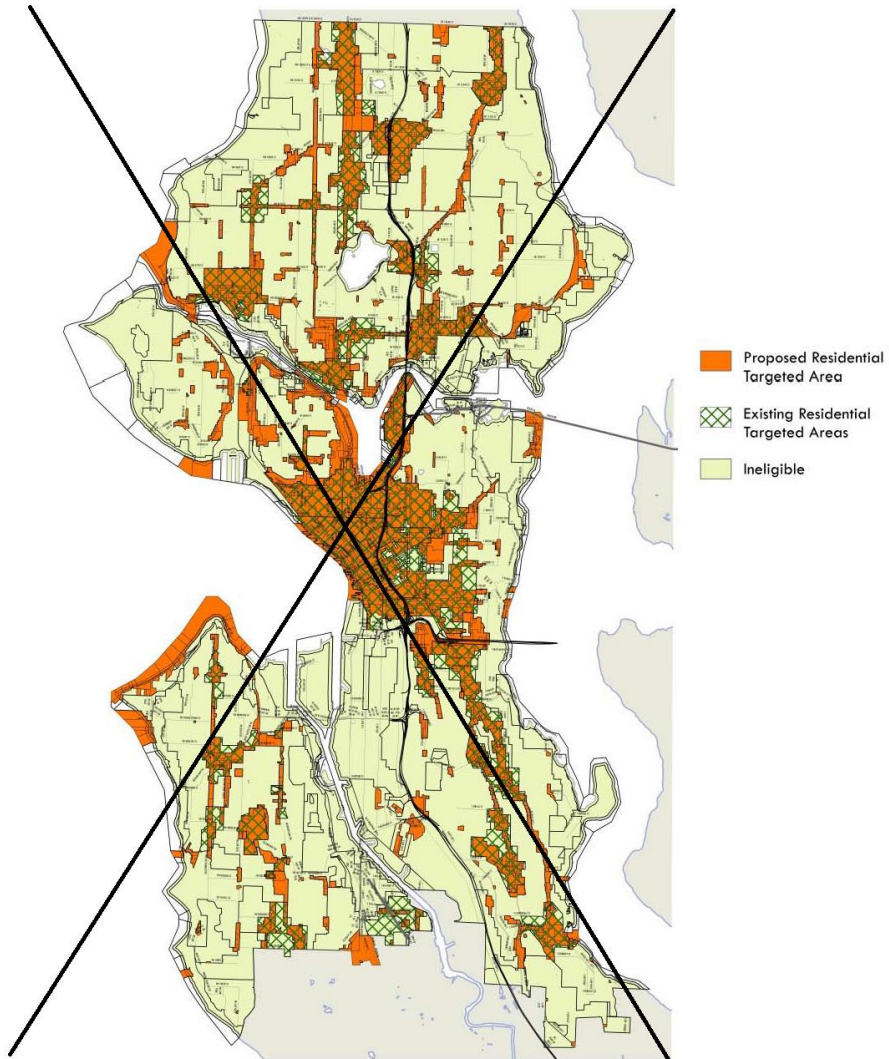
1 pursuant to the ~~((same procedural))~~ requirements set forth in RCW 84.14.040 ~~((for original~~
2 ~~designation))~~.

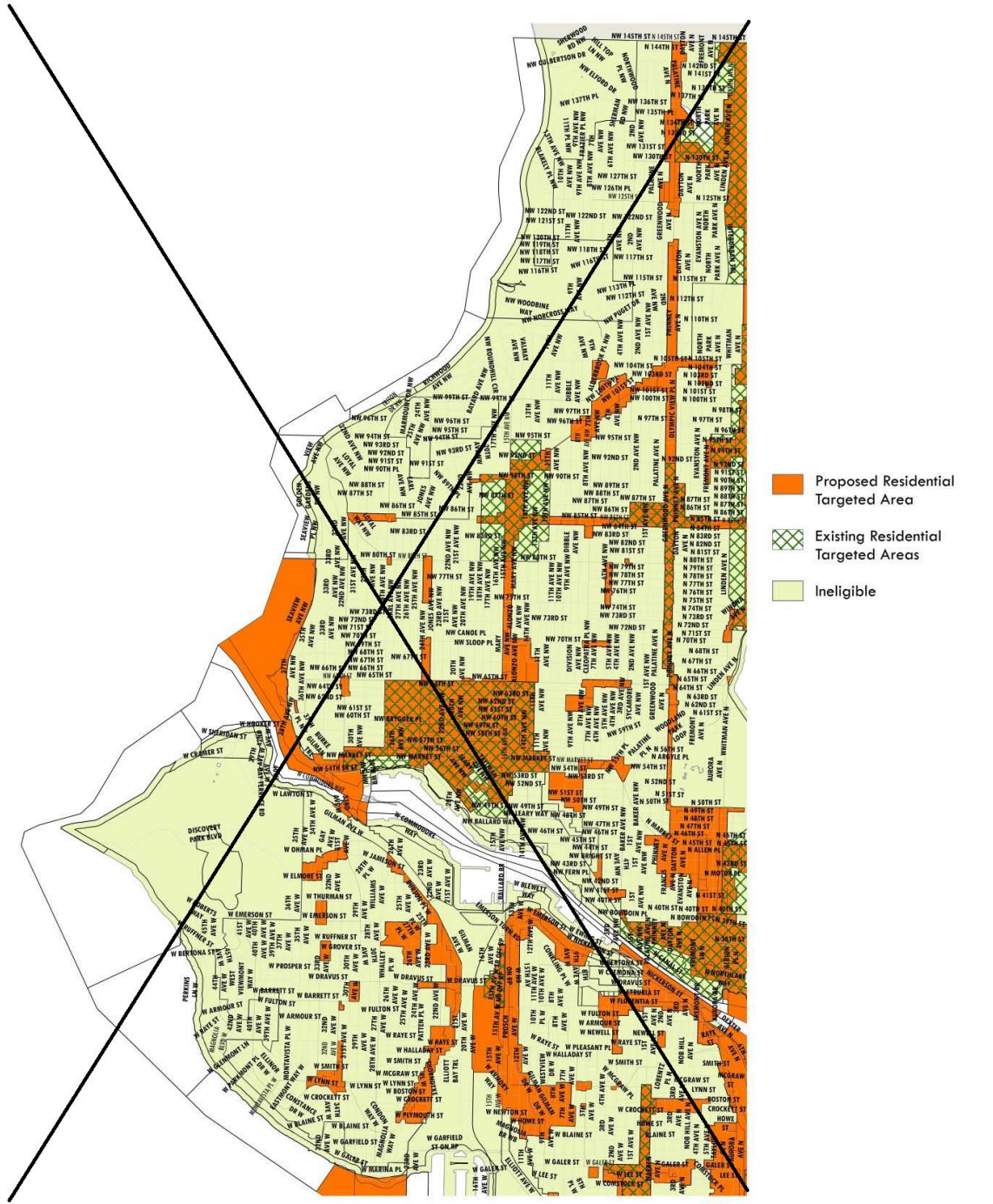
3 ~~((D))~~ C. All ~~((land))~~ parcels in Seattle zoned to allow Multifamily Housing ~~((, as~~
4 ~~per))~~ according to Title 23, including but not limited to Chapters 23.45, 23.46, ~~((23.47)) 23.47A,~~
5 23.48, and 23.49, ~~((and as shown in Map A for 5.73.030, is))~~ are designated as a single
6 Residential Targeted Area under this Chapter 5.73.

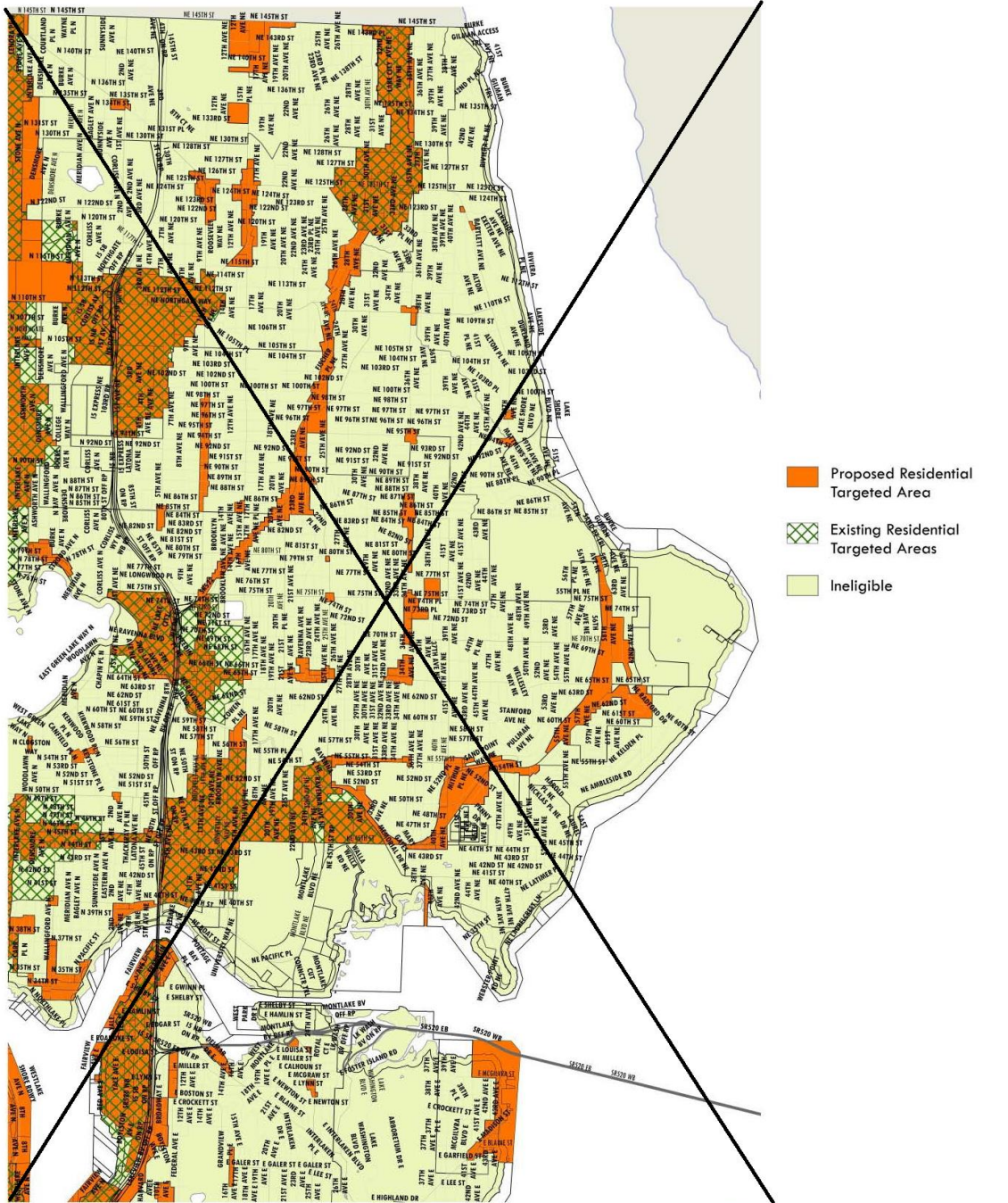
7 ~~((E. — If a part of any legal lot is within the Residential Targeted Area as shown in Map~~
8 ~~A for 5.73.030, then the entire lot shall be deemed to lie within such Residential Targeted Area.~~

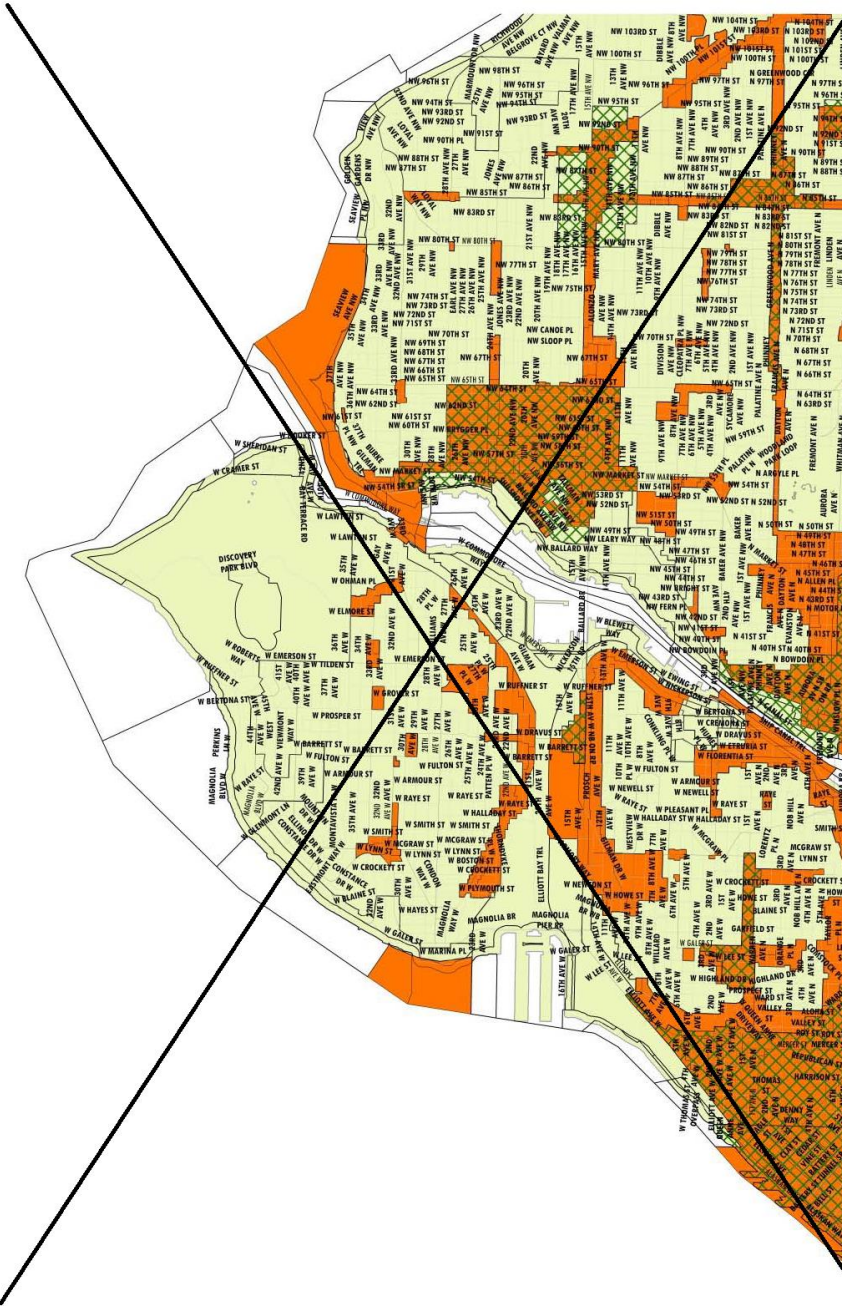
9 F. — ~~Any future changes to zoning shall override Map A for 5.73.030 for purposes of~~
10 ~~determining whether any legal lot is within the Residential Targeted Area.)~~

Map A for 5.73.030 Residential Targeted Area

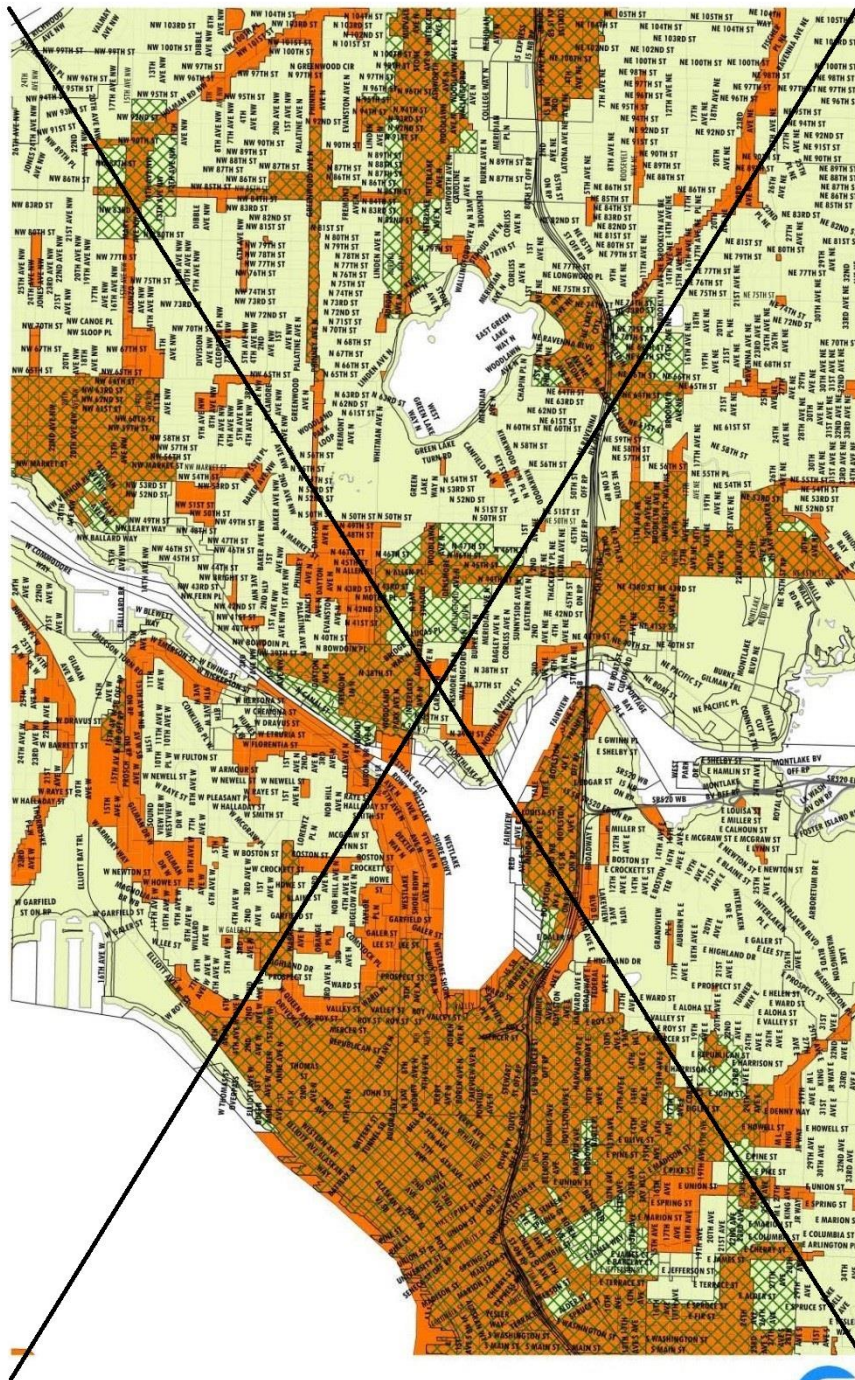




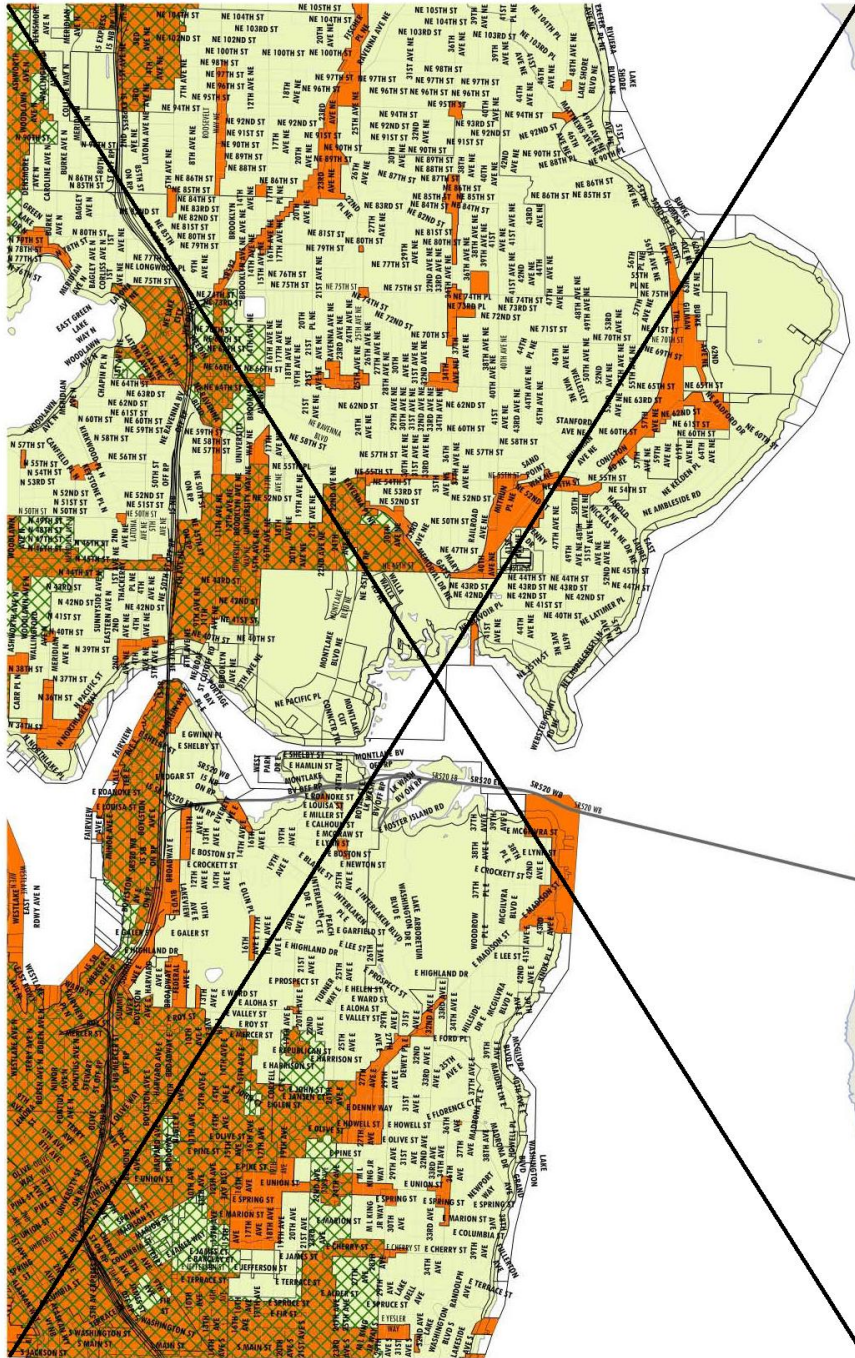




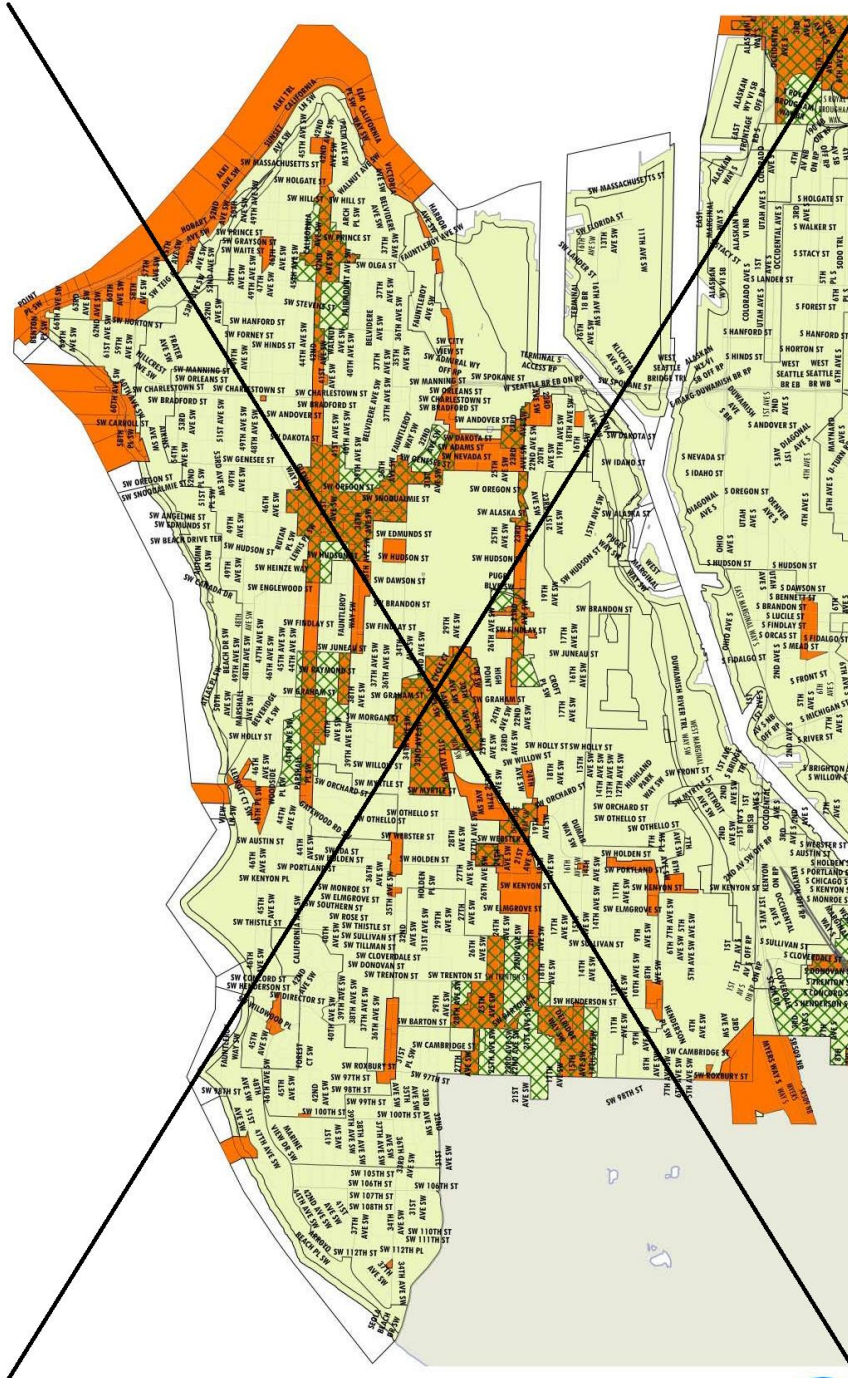
- Proposed Residential Targeted Area
- Existing Residential Targeted Areas
- Ineligible



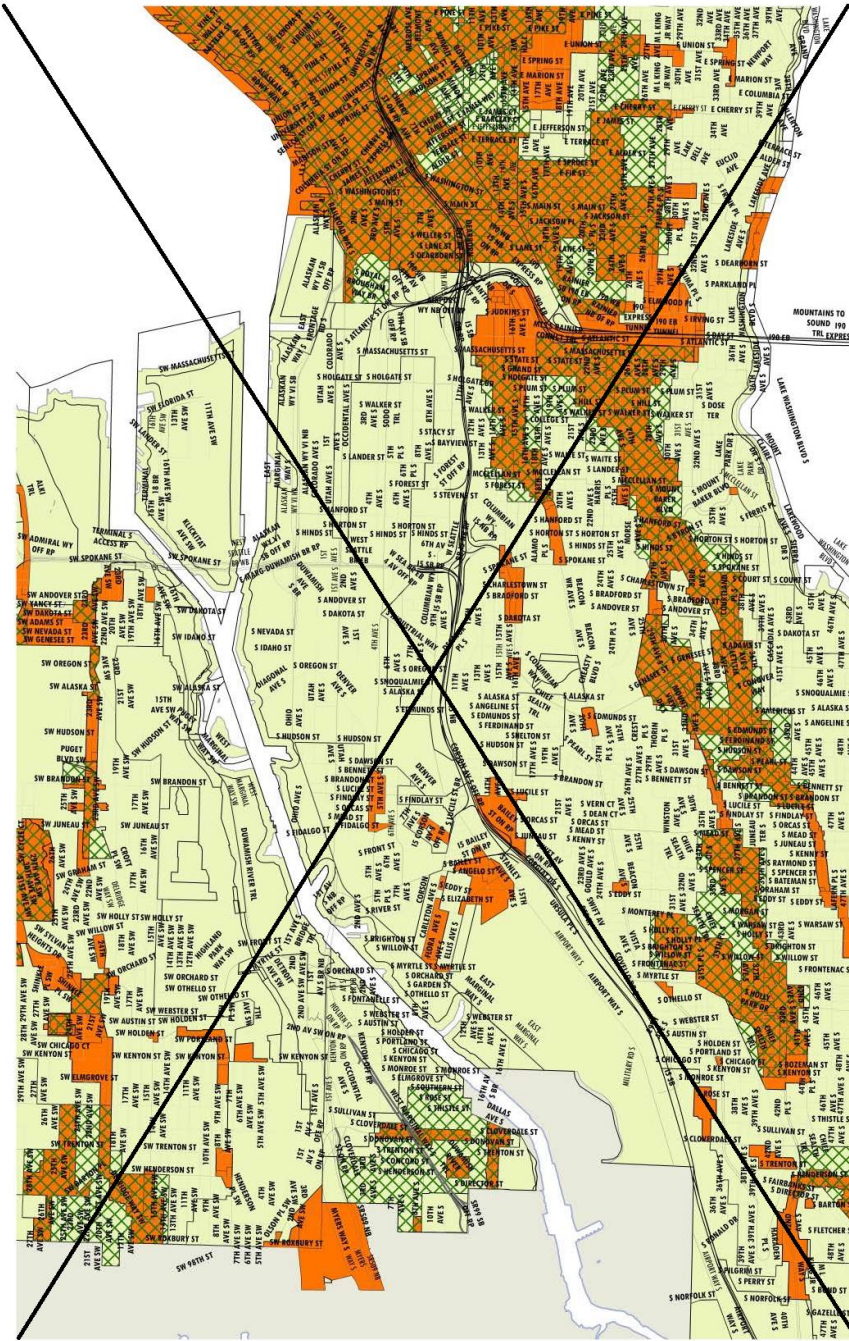
- Proposed Residential Targeted Area
- Existing Residential Targeted Areas
- Ineligible



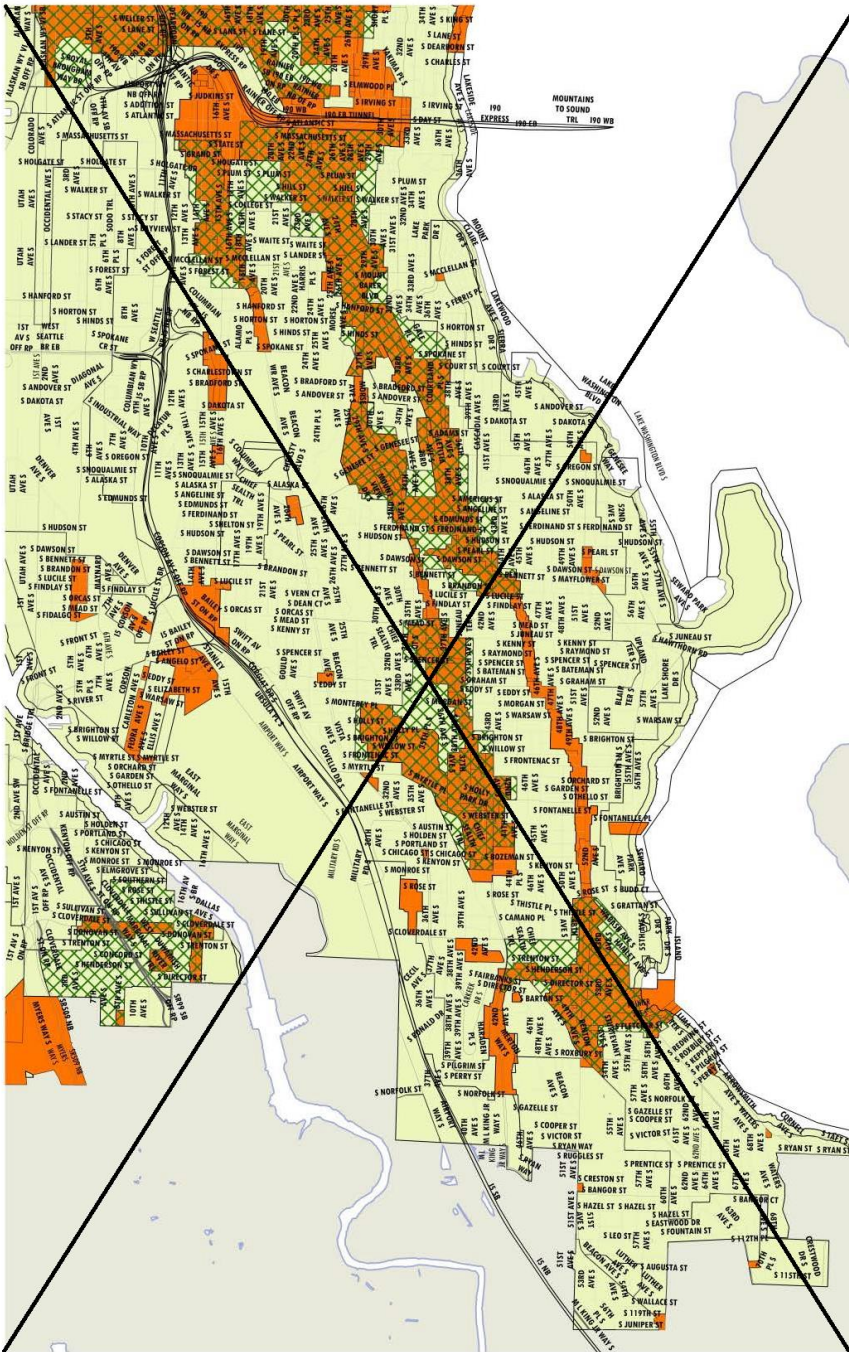
- Proposed Residential Targeted Area
- Existing Residential Targeted Areas
- Ineligible



- Proposed Residential Targeted Area
- Existing Residential Targeted Areas
- Ineligible



- Proposed Residential Targeted Area
- Existing Residential Targeted Areas
- Ineligible



- Proposed Residential Targeted Area
- Existing Residential Targeted Areas
- Ineligible

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~~

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.))~~

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))~~ Δ
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.E. ~~((, provided that~~
21 ~~the Director may extend the time for completion if the Director finds that:~~

22 1). — The failure to complete the replacement housing is due to
23 circumstances beyond the Owner's control;

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

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

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

8 8)) 4. The Owner shall obtain a certificate of approval, permit, or other approval
9 under Chapter 25.12, Landmarks Preservation Ordinance; ~~((7))~~ Chapter 23.66, Special Review
10 Districts; ~~((8))~~ or those provisions of Chapter 25.16, Chapter 25.20, Chapter 25.22, Chapter
11 25.24, ~~((9)) and Chapter 25.28 ((, relating))~~ that relate to Landmark or Historical Districts, if
12 such certificate of approval, permit, or other approval is required under those chapters.

13 ((9)) 5. The Multifamily Housing must comply with all applicable zoning
14 requirements, land use regulations, and building and housing code requirements contained or
15 incorporated in Titles 22, 23, and 25.

16 ((10)) 6. For the duration of the exemption granted under this Chapter 5.73,
17 the Multifamily Housing and the property on which it is located shall have no ~~((violations))~~
18 violation of applicable zoning requirements, land use regulations, and building and housing code
19 requirements contained or incorporated in Titles 22, 23, and 25 ~~((for which the Seattle~~
20 ~~Department of Construction and Inspections has issued a notice of violation))~~ issued by SDCI
21 that is not resolved by a certificate of compliance, certificate of release, or withdrawal within the
22 time period for compliance provided in such notice of violation ~~((and any extension of the time~~

1 ~~period for compliance granted~~) or as extended by the Director of ~~((the Seattle Department of~~
2 ~~Construction and Inspections))~~ SDCI.

3 ~~((44))~~ 7. The Multifamily Housing must be ~~((scheduled to be completed~~
4 ~~within))~~ complete, as documented by a temporary certificate of occupancy, or if no temporary
5 certificate of occupancy is required a permanent certificate of occupancy, or if no certificate of
6 occupancy is required a SDCI final building permit inspection, within three years ~~((from))~~ of the
7 date of ~~((approval of))~~ the MFTE application according to subsection 5.73.050.E.

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

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

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

15 1. ~~((In projects that contain))~~ If at least ~~((the minimum number))~~ eight
16 percent of the total Dwelling Units and SEDUs in the Multifamily Housing are configured with
17 two or more ~~((bedrooms, according to Table A for 5.73.040.B))~~ Bedrooms, a minimum of 20
18 percent of ~~((all units))~~ the total Dwelling Units and SEDUs in the ~~((Project))~~ Multifamily
19 Housing shall be ~~((Affordable))~~ MFTE Units ~~((rented))~~ leased to ~~((tenants whose household~~
20 ~~annual income is))~~ Eligible Households with annual incomes at or below 40 percent of Median
21 Income for ~~((housing units in Congregate Residences or small efficiency Dwelling Units))~~
22 SEDUs within a building with a mix of unit types, at or below ~~((65))~~ 60 percent of Median
23 Income for studio units, at or below ~~((75))~~ 70 percent of Median Income for ~~((one-bedroom))~~

1 one-Bedroom units, at or below 85 percent of Median Income for ~~((two-bedroom))~~ two-Bedroom
2 units, and at or below 90 percent of Median Income for ~~((three-bedroom))~~ three-Bedroom and
3 larger units. This subsection 5.73.040.B.1 shall not apply to Projects that include Congregate
4 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)) |

5 2. ~~((In projects containing))~~ If fewer than eight percent of the total Dwelling
6 Units, SEDUs, and Congregate Residence sleeping rooms are configured with two or more
7 ~~((bedrooms than is indicated in Table A for 5.73.040.B))~~ Bedrooms, a minimum of 25 percent of
8 ~~((all units))~~ total Dwelling Units, SEDUs, and Congregate Residence sleeping rooms in the
9 Multifamily Housing shall be ~~((Affordable))~~ MFTE Units ~~((rented))~~ leased to ~~((tenants whose~~
10 ~~House Annual Income is))~~ Eligible Households with annual incomes at or below 40 percent of
11 Median Income for ~~((housing units in Congregate Residences or small efficiency dwelling units))~~
12 Congregate Residence sleeping rooms, at or below 40 percent of Median Income for SEDUs
13 within a building with a mix of unit types, at or below 50 percent of Median Income for SEDUs
14 in buildings where 100 percent of the units are SEDUs, at or below ~~((65))~~ 60 percent of Median
15 Income for studio units, at or below ~~((75))~~ 70 percent of Median Income for ~~((one-bedroom))~~
16 one-Bedroom units, at or below 85 percent of Median Income for ~~((two-bedroom))~~ two-Bedroom
17 units, and at or below 90 percent of Median Income for ~~((two-bedroom))~~ two-Bedroom and

1 larger units. This subsection 5.73.040.B.2 shall apply to Projects that include Congregate
2 Residences.

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

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

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

19 b. Comparability. Dwelling Units, SEDUs, and Congregate
20 Residence sleeping rooms in each building that comprises the Multifamily Housing shall be
21 generally comparable to the other units to be developed in terms of the following:

22 1) Status as a dwelling unit, SEDU, or congregate residence
23 sleeping room;

1 2) Number and size of bedrooms and bathrooms;

2 3) Net unit area measured by square feet;

3 4) Access to amenity areas;

4 5) Functionality; and

5 6) Term of the lease.

6 c. The Office of Housing shall develop, by rule, different distribution
7 requirements for MFTE units within buildings greater than 95 feet in height as defined by the
8 Land Use Code. The Office of Housing shall report to the Chair of the Housing, Health Energy,
9 and Workers Rights Committee, or its successor committee, on proposed criteria at least 30 days
10 prior to adoption of a rule.

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

14 1. ~~((Units must be)) A minimum of 20 percent of the total Dwelling Units~~
15 ~~and SEDUs in the Multifamily Housing shall be MFTE Units sold at ((a)) affordable sales ((price~~
16 ~~as established by the Director and adjusted periodically to buyers with Household Annual~~
17 ~~Income at the time of purchase)) prices, in accordance with subsection 5.73.040.C.2, to Eligible~~
18 ~~Households with annual incomes at or below 100 percent of Median Income for studio and~~
19 ~~~~((one bedroom)) one-Bedroom units, and at or below 120 percent of Median Income for ((two-~~~~
20 ~~bedroom)) two-Bedroom or larger units.~~

21 2. ~~((The contract with the City required under Section 5.73.060 of this~~
22 ~~Chapter 5.73 shall identify those units that are designated to meet the affordability requirements~~
23 ~~of this subsection 5.73.040.C.)) Resale of an MFTE Unit shall not occur without prior notice to~~

1 the Director. Upon receipt of such notice, the tax exemption under this Chapter 5.73 shall be
2 either (a) immediately cancelled in accordance with chapter 84.14 RCW, or (b) extended based
3 upon a determination that the terms of the resale are consistent with this Chapter 5.73, including
4 this subsection 5.73.040.C. The Director shall establish by rule the method for calculating an
5 affordable sale price.

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

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

12 5. If the total number of MFTE Units calculated according to subsection
13 5.73.040.C.1 contains a fraction, then the number of MFTE Units shall be rounded up to the next
14 whole number.

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

17 ~~((D. — Upfront tenant fees~~

18 ~~4)) D. The Director is authorized to limit fees charged to ((Income)) Eligible~~
19 ~~((Occupants)) Households upon move-in or transfer ((in the same building)) to an MFTE Unit,~~
20 ~~including, but not limited to, property administrative fees, transfer fees, last month's rent, and~~
21 ~~security deposits. ((Any limitations placed on fees shall not include criminal background or))~~
22 Fees for credit checks, ((which may be charged to the Income-Eligible Occupant)) provided such

1 fees are assessed for prospective tenants of all Dwelling Units, SEDUs, or Congregate Residence
2 sleeping rooms in the Multifamily Housing, may be charged at cost.

3 ~~((2. Owners shall not authorize a fee to be charged to Income Eligible~~
4 ~~Occupants for income verification or program administration of the Multifamily Tax Exemption~~
5 ~~Program.)) No Eligible Household may be charged fees for income verifications or reporting
6 requirements related to this Chapter 5.73.~~

7 E. MFTE Units shall be affirmatively marketed to attract Eligible Households from
8 all racial, ethnic, and gender groups in the housing market area of the property, particularly to
9 inform and solicit applications from households who are otherwise unlikely to apply for housing
10 in the Project. Proposed affirmative marketing plans shall be submitted to the Office of Housing
11 for review and approval and shall comply with federal, state, and local fair housing laws.
12 Records documenting affirmative marketing efforts shall be maintained and submitted to the
13 Office of Housing upon request.

14 F. Eligible Households shall be provided access to the same amenities on the same
15 terms as tenants and owners of other Dwelling Units, SEDUs, and Congregate Residence
16 sleeping rooms in the Multifamily Housing.

17 Section 5. Section 5.73.050 of the Seattle Municipal Code, last amended by Ordinance
18 124919, is amended as follows:

19 **5.73.050 (~~(Application)~~) MFTE application procedure—Fee**

20 A. The Owner ~~((of Multifamily Housing applying for exemption under this Chapter~~
21 ~~5.73)) shall submit ~~((an))~~ a complete MFTE application, verified by oath or affirmation, to the
22 Director, on a form provided by the Office of Housing. ~~((The Owner shall verify the application~~
23 ~~by oath or affirmation.)) The application shall contain such information as the Director may~~~~

1 deem necessary or useful (~~(, and shall include)~~) to evaluate eligibility of the Multifamily Housing
2 for a tax exemption under this Chapter 5.73, including:

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

9 2. A statement from the Owner acknowledging the potential tax liability
10 (~~(when)~~) of the Multifamily Housing; (~~(ceases to be eligible for exemption under this Chapter~~
11 5.73;)

12 3. (~~(Information describing how the Owner will comply)~~) Owner's proposal
13 for compliance with the (~~(affordability)~~) requirements in (~~(subsections 5.73.040.B and~~
14 5.73.040.C)) Section 5.73.040, as applicable;

15 4. (~~(In the case of rehabilitation or conversion of an existing vacant~~

16 building) If the Project includes Rehabilitation Improvements, (~~(verification from the Seattle~~
17 Department of Construction and Inspections of non-compliance with applicable building and
18 housing codes as required under subsection 5.73.040.A.4)) an affidavit from the (~~(owner)~~)
19 Owner verifying that the residential portion of the building (~~(has been)~~) was vacant for a period
20 of at least 24 months prior to (~~(filing the application)~~) issuance of the first building permit; and

21 (~~(5.— A housing market study that includes comparable rents or sales prices in~~

22 other nearby housing projects; and

1 6)) 5. A recent title report (~~(confirming)~~) that confirms the legal description and
2 ownership of the property (~~(where)~~) that includes the Multifamily Housing; (~~(is or will be~~
3 ~~located;)~~) (~~(evidence)~~) documentation satisfactory to the Director (~~(concerning)~~) of the type and
4 organizational structure of the Owner; (~~(entity or entities and organizational structure;)~~) a sample
5 signature block for the (~~(Owner(s))~~) Owner; and evidence satisfactory to the Director of
6 authority of the (~~(person or persons signing)~~) Owner representative that signed the MFTE
7 application.

8 B. (~~(At the time of)~~) The MFTE application (~~(under)~~) according to this Section
9 5.73.050 (~~(, the Owner)~~) shall (~~(pay to the City an initial application fee)~~) include a non-
10 refundable check payable to The City of Seattle in the amount of \$10,000 if fewer than 75
11 percent of the total (~~(units)~~) Dwelling Units, SEDUs, and Congregate Residence sleeping rooms
12 in (~~(a project for which a tax exemption is sought under this Chapter 5.73 are Affordable Units)~~)
13 the Multifamily Housing are rent and income restricted, or \$4,500 if at least 75 percent of the
14 total (~~(units)~~) Dwelling Units, SEDUs, and Congregate Residence sleeping rooms in (~~(a project~~
15 ~~for which a tax exemption is sought under this Chapter 5.73 are Affordable Units)~~) the
16 Multifamily Housing are rent and income restricted. The Director shall have authority to increase
17 the MFTE application fee by up to five percent each calendar year unless revised by ordinance.

18 C. (~~(The Director shall notify the Owner within 28 days of the application being filed~~
19 ~~if the Director determines that an application is not complete and shall identify what additional~~
20 ~~information is required before the application will be complete. Within 28 days of receiving~~
21 ~~additional information, the Director shall notify the Owner in writing if the Director determines~~
22 ~~that the application is still not complete, and what additional information is necessary. An~~
23 ~~application shall be deemed to be complete if the Director does not notify the Owner in writing~~

1 ~~by the deadlines in this Section 5.73.050 that the application is incomplete; however, a~~
2 ~~determination of completeness does not preclude the Director from requiring additional~~
3 ~~information during the review process if more))~~ The Office of Housing may request additional
4 information if such information is needed to evaluate or to complete the MFTE application
5 according to the criteria in this Chapter 5.73.

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

14 E. All references to the date of the MFTE application according to this Chapter 5.73
15 shall mean the date of approval by the Office of Housing of the MFTE application.

16 Section 6. Section 5.73.060 of the Seattle Municipal Code, last amended by Ordinance
17 124877, is amended as follows:

18 **5.73.060 Application review—Issuance of ~~((conditional certificate))~~ Conditional**
19 **Certificate—Denial—Appeal—Recording of ~~((contract))~~ Contract**

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

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

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

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

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

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

1 Section 7. Section 5.73.065 of the Seattle Municipal Code, last amended by Ordinance
2 123550, is amended as follows:

3 **5.73.065 Amendment of Contract**

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

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

11 Section 8. Section 5.73.070 of the Seattle Municipal Code, last amended by Ordinance
12 124877, is amended as follows:

13 **5.73.070 Extension of Conditional Certificate**

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

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

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

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

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

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

10 **5.73.080 Final Certificate—Application—Issuance—Denial and appeal**

11 A. ~~((Upon completion of the rehabilitation improvements or new construction as
12 provided in the contract between the Owner and the City, and upon))~~ The Owner shall submit an
13 application for Final Certificate to the Director, on a form provided by the Office of Housing,
14 within 30 days of completion of the Multifamily Housing as documented by ~~((issuance of))~~ a
15 temporary certificate of occupancy, or a permanent certificate of occupancy if no temporary
16 certificate is issued, or as documented by the final building permit inspection if no certificate of
17 occupancy is required. ~~((the Owner may request a Final Certificate.))~~

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

21 1. A statement of total expenditures made with respect to the Multifamily
22 Housing, including each ~~((housing unit))~~ Dwelling Unit, SEDU, and Congregate Residence

1 sleeping room; ((and the total expenditures made with respect to the entire multifamily housing
2 project;))

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

5 ~~((3. — A brief written description of the units, and schematic site plans, floor~~
6 ~~plans, and unit layouts of the Multifamily Housing units and the structure(s) in which they are~~
7 ~~proposed to be located; every unit layout must include detailed information that adequately~~
8 ~~demonstrates the number of Bedrooms, consistent with the definition included in Section~~
9 ~~5.73.020;))~~

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

13 4. ~~((A statement that the work was completed))~~ Documentation of
14 completion of the Multifamily Housing within ((the required three-year period)) three years of
15 the date of the MFTE application according to subsection 5.73.050.E, or ((any approved
16 extension)) other date if extended according to Section 5.73.070; ((and))

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

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

22 7. A housing market study that includes (a) the comparable rents or sales
23 prices, as applicable, for other multifamily housing in the neighborhood market area, and (b) the

1 market rent or sales price for each of the MFTE Units proposed to be designated according to
2 subsection 5.73.040.B or subsection 5.73.040.C, as applicable;

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

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

8 ~~((B))~~ C. ~~((At the time of application for Final Certificate under this Section~~
9 ~~5.73.080, the))~~ The applicant shall ((pay a fee as determined by)) provide a check payable to the
10 Assessor to cover the Assessor's fee for administrative costs upon notification that the
11 application for Final Certificate has been approved. ((If the Director approves the application,
12 ~~the))~~ The City will forward the ((fee)) check for the Assessor's administrative costs to the
13 Assessor. ((If the Director denies the application, the City will refund the fee for the Assessor's
14 ~~administrative costs to the applicant.))~~

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

21 ~~((D))~~ E. If the ~~((Director determines that the multifamily housing has been~~
22 ~~completed in accordance with the contract between the applicant and the City and the~~
23 ~~requirements of this Chapter 5.73))~~ Final Certificate application is approved, the City shall file a

1 Final Certificate (~~(of Tax Exemption)~~) with the Assessor within ten days of the expiration of the
2 30-day period provided under subsection (~~(5.73.080.C)~~) 5.73.080.D.

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

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

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

15 Section 10. Section 5.73.090 of the Seattle Municipal Code, last amended by Ordinance
16 124877, is amended as follows:

17 **5.73.090 Exemption—Duration—Limits**

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

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

1 2. For eligible (~~(units in)~~) owner-occupied MFTE Units in Multifamily
2 Housing as provided in ((Section 5.73.040, for eight successive years beginning January 1st of
3 the year immediately following the calendar year of issuance of the Final Certificate; or if at least
4 20 percent of all units in the owner-occupied Multifamily Housing are eligible units)) this
5 Chapter 5.73, for up to 12 successive years beginning January 1 of the year immediately
6 following the calendar year of the date ((issuance)) of the Final Certificate.

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

14 Section 11. Section 5.73.100 of the Seattle Municipal Code, last amended by Ordinance
15 124877, is amended as follows:

16 **5.73.100 Annual (~~(property)~~) Project certification**

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

22 1. (~~(A)~~) For each Dwelling Unit, SEDU, or Congregate Residence sleeping
23 unit located in the Multifamily Housing qualifying under this Chapter 5.73, including each

1 MFTE Unit, a statement of (~~occupancy and~~) the average vacancy rate and average contract
2 rent, net of utility, sewer capacity charge, renter’s insurance, and any other fees that are a
3 condition of the lease (~~of the Multifamily Housing units during~~) for the previous calendar year;

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

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

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

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

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

22 B. The first Project certification shall be filed with the Office of Housing within 90
23 days of issuance of the temporary certificate of occupancy for the Multifamily Housing, or

1 permanent certificate of occupancy if no temporary certificate of occupancy is required, or SDCI
2 final building permit inspection if no certificate of occupancy is required.

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

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

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

20 Section 12. Section 5.73.105 of the Seattle Municipal Code, enacted by Ordinance
21 124877, is amended as follows:

22 **5.73.105 Annual income certification**

1 A. Income certifications shall be in accordance with standardized procedures and
2 policies established by the Office of Housing for administration of this Chapter 5.73 and other
3 programs that incentivize the inclusion of rent and income restricted units in predominantly
4 market-rate residential buildings. ~~((For renter-occupied Affordable Units, the Owner shall obtain~~
5 ~~from each tenant, no less than annually, a certification of Family size and Annual Income in form~~
6 ~~acceptable to the City. For owner-occupied Affordable Units, the Owner must obtain a~~
7 ~~certification of Family size and Annual Income at initial purchase. The Owner shall examine the~~
8 ~~income of each tenant Family in accordance with 24 C.F.R. 5.609, with guidance from the HUD~~
9 ~~Occupancy Handbook, 4350.3 Chapter 5. The Owner also shall examine the income and Family~~
10 ~~size of any tenant Family at any time when there is evidence that the tenant's written statement~~
11 ~~was not complete or accurate. If so requested by the City, the Owner shall obtain such~~
12 ~~certifications and/or examine incomes and Family sizes at any other times upon reasonable~~
13 ~~advance notice from the City. The Owner shall maintain all certifications and documentation~~
14 ~~obtained under this subsection 5.73.105.A on file for at least six years after they are obtained,~~
15 ~~and shall make them available to the City for inspection and copying promptly upon request.~~

16 B.—— ~~Owners must attempt to obtain Third Party Verification whenever possible to~~
17 ~~substantiate income at each certification. The verification documents must be supplied directly to~~
18 ~~the independent source by the Owner and returned directly to the Owner from the independent~~
19 ~~source. In the event that the independent source does not respond to the Owner's faxed, mailed,~~
20 ~~or emailed request for information, the Owner may pursue oral third party verification. If written~~
21 ~~or oral third party documentation are not available, the Owner may accept original documents~~
22 ~~(pay stubs, W-2, etc.) at the discretion of the Director and must document why third party~~
23 ~~verification was not available. At the discretion of the Director, the Owner may accept tenant~~

1 ~~self certifications from households in Affordable Units after the initial income verification and~~
2 ~~first annual recertification.~~

3 €) B. For renter-occupied (~~(Affordable)~~) MFTE Units, the Owner shall (~~(continue to)~~)
4 charge (~~(Income)~~) Eligible (~~(Occupants)~~) Households no more than the (~~(maximum affordable~~
5 ~~rent allowable)~~) Affordable Rent until the annual income of the (~~(Family in the Affordable Unit)~~)
6 Eligible Household is determined upon recertification to (~~(be more than 150 percent of)~~) equal or
7 exceed 1.5 times the (~~(income limit for the class of the Affordable)~~) maximum annual income for
8 the MFTE Unit according to the percentage of Median Income as designated according to
9 subsection 5.73.040.B.

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

22 Section 13. Section 5.73.110 of the Seattle Municipal Code, last amended by Ordinance
23 124877, is amended as follows:

1 **5.73.110 Cancellation of tax exemption—Appeal**

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

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

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

1 aggrieved party may appeal the Hearing Examiner’s decision to the King County Superior Court
2 as provided in RCW 34.05.510 through 34.05.598.

3 Section 14. Section 5.73.120 of the Seattle Municipal Code, last amended by Ordinance
4 124877, is amended as follows:

5 **5.73.120 Expiration of program ((=))**

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

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

13 **5.73.130 Annual report**

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

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

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

1 Section 16. The Executive shall collect labor-related data on projects participating in the
2 MFTE program to advance labor equity outcomes, including payment of prevailing wages, in
3 housing development in Seattle. This data shall include, but not be limited to: construction wage
4 information, apprentice utilization, number of workers graduating from pre-apprenticeship
5 programs, and the number of workers who participated in mentoring and other training
6 programs. The Office of Housing shall include the requested data in the annual report required
7 by Section 5.73.130. The Office of Housing shall work with MFTE developers, labor unions, and
8 executive agencies to identify ways to comply with and minimize the administrative costs
9 associated with this data collection and submittal process. The Office of Housing shall have the
10 authority, including rule-making authority, to require an Owner to provide the data as part of the
11 Owner’s annual Project certification under Section 5.73.100.

1 Section 17. 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 _____ 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)