



SEATTLE CITY COUNCIL

Housing and Human Services Committee

Agenda

Wednesday, July 24, 2024

9:30 AM

Council Chamber, City Hall
600 4th Avenue
Seattle, WA 98104

Cathy Moore, Chair
Tammy J. Morales, Vice-Chair
Sara Nelson, Member
Rob Saka, Member
Tanya Woo, Member

Chair Info: 206-684-8805; Cathy.Moore@seattle.gov

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July 24, 2024 - 9:30 AM

Meeting Location:

Council Chamber, City Hall , 600 4th Avenue , Seattle, WA 98104

Committee Website:

<https://seattle.gov/council/committees/housing-and-human-services-x154115>

This meeting also constitutes a meeting of the City Council, provided that the meeting shall be conducted as a committee meeting under the Council Rules and Procedures, and Council action shall be limited to committee business.

Members of the public may register for remote or in-person Public Comment to address the Council. Details on how to provide Public Comment are listed below:

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Online registration to speak will begin one hour before the meeting start time, and registration will end at the conclusion of the Public Comment period during the meeting. Speakers must be registered in order to be recognized by the Chair.

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Submit written comments to Councilmembers at Council@seattle.gov

Please Note: Times listed are estimated

A. Call To Order

B. Approval of the Agenda

C. Public Comment

D. Items of Business

1. **Office of Housing (OH): 2023 Annual Reporting
Annual Investments Report
Seattle Housing Levy (2016)
Multifamily Tax Exemption
Mandatory Housing Affordability**

Supporting
Documents:

[Presentation](#)

[2023 OH Investments Annual Report Summary](#)

[2023 OH Investments Annual Report](#)

[2023 OH Housing Levy Annual Report Summary](#)

[2023 OH Housing Levy Annual Report](#)

[2023 OH MFTE Annual Report Summary](#)

[2023 OH MFTE Annual Report](#)

[2023 OH MHA IZ Annual Report Summary](#)

[2023 OH MHA IZ Annual Report](#)

Briefing and Discussion (40 minutes)

Presenters: Maiko Winkler-Chin, Director, Kelli Larsen, and Andrea Akita, Office of Housing

E. Adjournment



Legislation Text

File #: Inf 2513, **Version:** 1

Office of Housing (OH): 2023 Annual Reporting

Annual Investments Report

Seattle Housing Levy (2016)

Multifamily Tax Exemption

Mandatory Housing Affordability

2023 Annual Reporting

Annual Investments Report

Seattle Housing Levy (2016)

Multifamily Tax Exemption

Mandatory Housing Affordability



2023 Annual Investments Report



Affordable Housing Openings and Constructions



Opened in 2023

13 rental buildings (1,750 apartments)

3 homeownership developments (20 homes)



Under Development and Under Construction

16 rental buildings (1,888 apartments)

11 homeownership developments (260 homes)

Investment Totals



Rental Housing Program: \$57 million for production and preservation committed to five developments, which will create 542 new homes.

Short-Term Loans: \$18 million for securing sites for future 528 homes.



Homeownership Program: \$12.3 million for 115 new permanently affordable homes.

Investment Totals



Home Repair Program

\$595 k for 38 low-income homeowners' critical repairs.



Weatherization Program

\$2.7 million for upgrades in 143 homes and 17 apartment buildings.



Clean Heat Program

\$1.8 million converting 84 homes from oil-to-electric heating systems.

Investment Totals



Emergency Rental Assistance:
\$51.9 million to 11,181 low-income renters since 2021.

2023 Housing Investments by Urban Center/Village

12th Avenue, Capitol Hill, Eastlake, First Hill

Juniper Apartments

23rd & Union-Jackson, Madison-Miller

Bryant Manor Phase II

Admiral, Morgan Junction, South Park, West Seattle

Junction, Westwood-Highland Park

Admiral UCC, Yarrow Cottages

Aurora-Licton Springs, Bitter Lake Village

LIHI 125th & Aurora, Scattered Site 1

Ballard, Crown Hill, Greenwood-Phinney Ridge

Scattered Site 2

Columbia City, Mt. Baker, North Beacon Hill, Othello,

Rainier Beach

Beacon Hill TOD, RVAHI Sites 5, 6, 7, 9

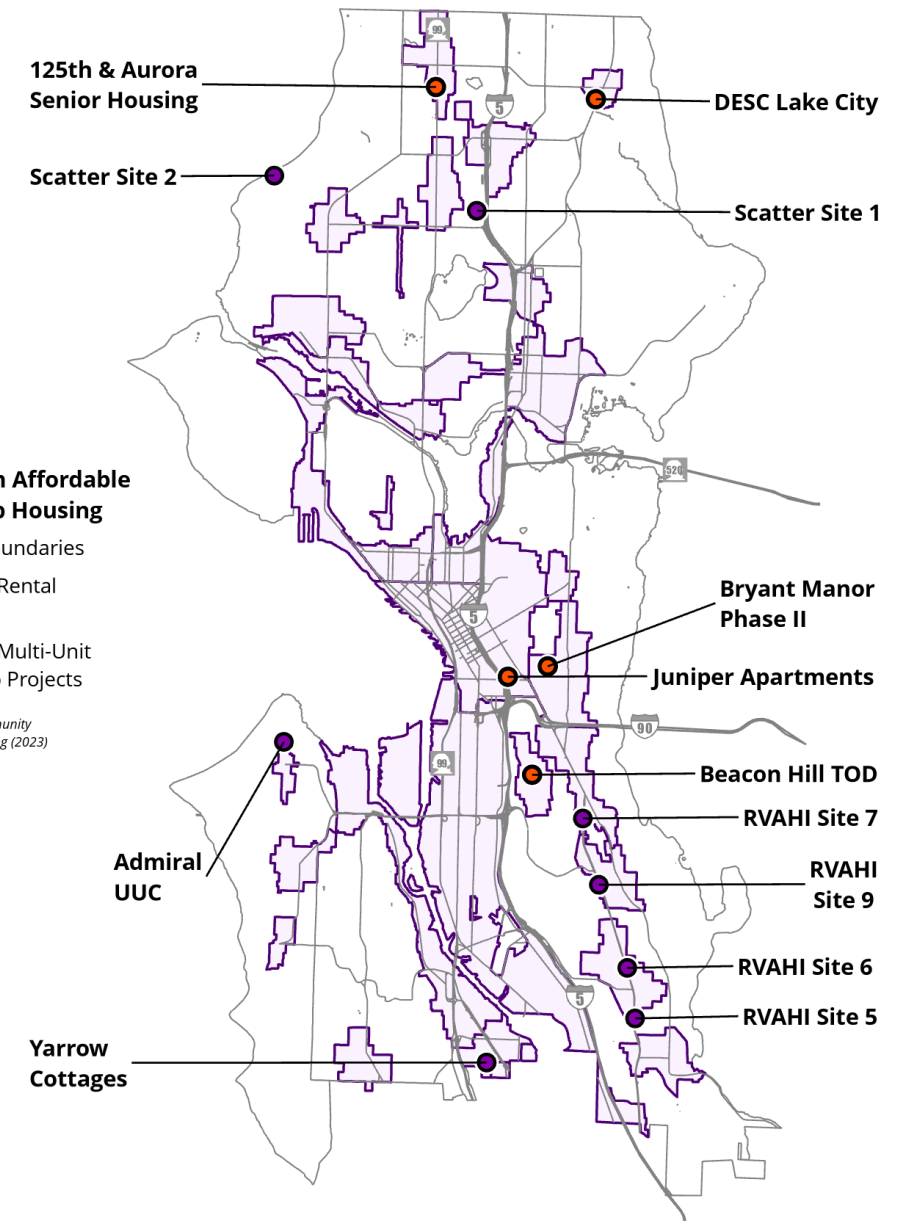
Lake City, Northgate

DESC Lake City

2023 Investments in Affordable Rental & Ownership Housing

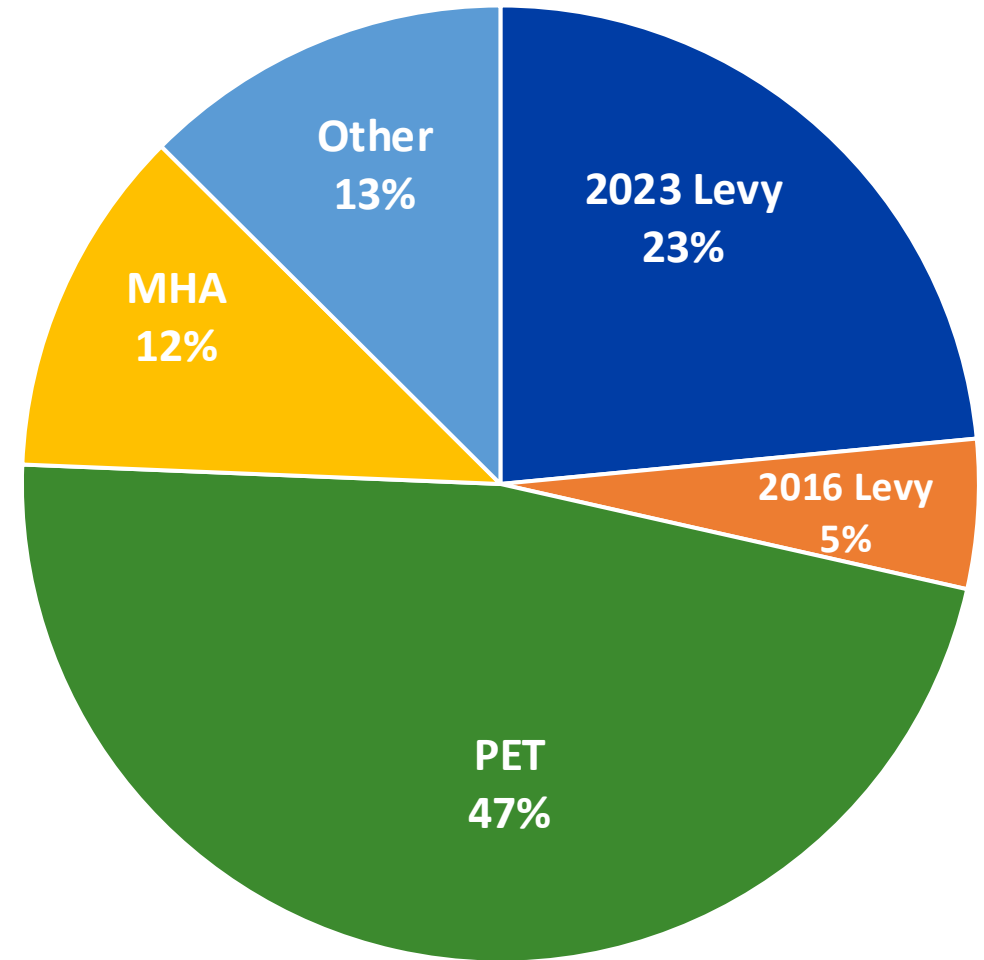
- Urban Village Boundaries
- New Affordable Rental Housing
- New Affordable Multi-Unit Homeownership Projects

Source: Office of Planning and Community Development (2023), Office of Housing (2023)



2023 Housing Investments by Fund Source

- **2023 Housing Levy:** \$16.3M
- **2016 Housing Levy:** \$3.5M
- **Payroll Expense Tax:** \$32.7M
- **Mandatory Housing Affordability:** \$8.2M
- **Other:** \$8.7M



2016 Seattle Housing Levy Annual Report for 2023 Activity



Rental Housing Production and Preservation

- **Exceeded Goals:** Achieved 139% of the 7-year goal with 2,864 new units and 621 reinvested units.
- **2023 Highlight:** \$3.5 million awarded to Juniper Apartments, creating 113 affordable apartment homes.



Salish Landing, Seattle Housing Authority

Homeownership Program

- **Exceeded Goals:** Reached 135% of the 7-year goal, supporting 379 households.
- **2023 Highlight:** Issued over \$110,000 in home repair grants and \$355,000 in purchase assistance loans.



Copper Pines, Habitat for Humanity SKC

Operating, Maintenance, and Services

- **Exceeded Goals:** Supported 526 homes, achieving 103% of the goal.
- **2023 Summary:** Preliminary commitment for up to 45 new homes at DESC 15th Avenue.



Homelessness Prevention and Housing Stability Services

- **Near Goal:** Served 4,364 households, achieving 97% of the goal.
- **2023 Summary:** Assisted 510 households with \$1.8 million.



Resident in permanent supportive housing

2023 MFTE Annual Report



What is MFTE's Purpose?

The Multifamily Tax Exemption (MFTE) program provides a tax exemption on eligible multifamily housing in exchange for income- and rent-restricted units.



Washington State RCW

- Encourage increased residential opportunities, including affordable housing.
- Stimulate the construction of new multifamily housing and rehab of vacant or underutilized buildings.



Seattle Municipal Code

- Increase and maintain affordable housing.
- Affirmatively further fair housing.

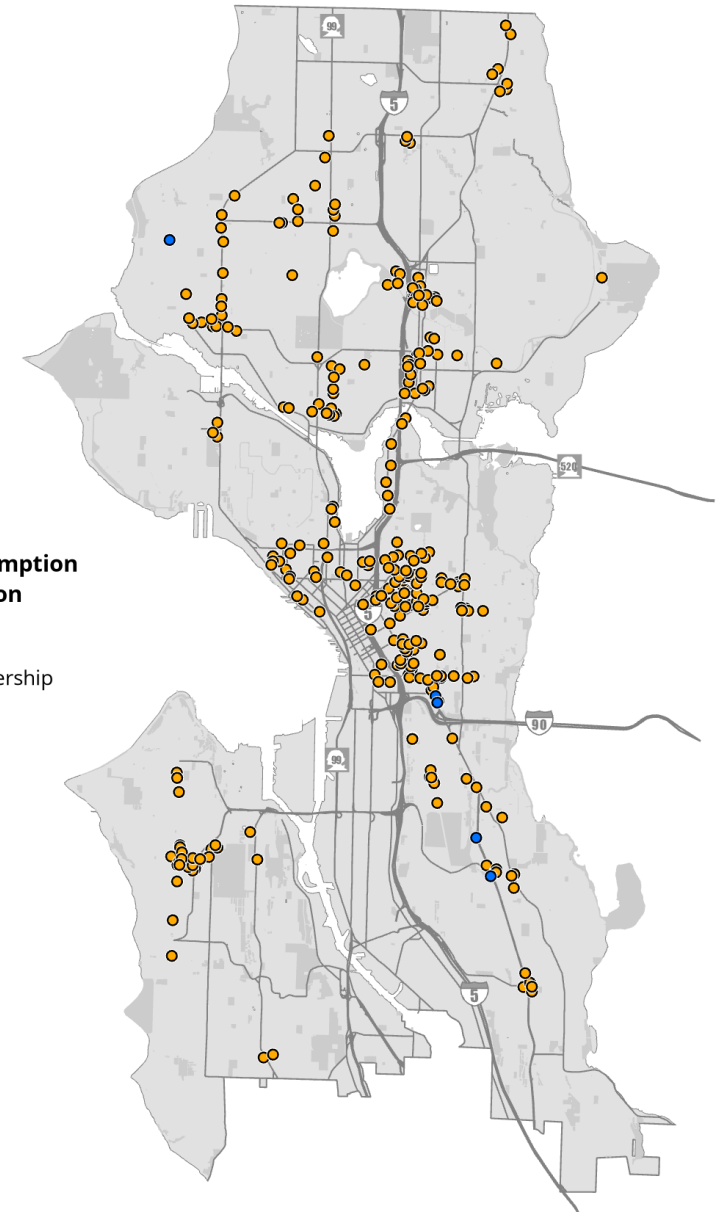
MFTE Participation

- **Rental properties:** 352 properties with approved applications since 1998
 - **Active:** 286 properties (6,636 homes)
 - **Pipeline:** 49 properties (1,945 homes)
 - **Expired/opt out:** 17 properties (411 homes)

Multifamily Tax Exemption (MFTE) Tax Exemption

- MFTE Rental
- MFTE Homeownership

Source: Office of Housing (2023)



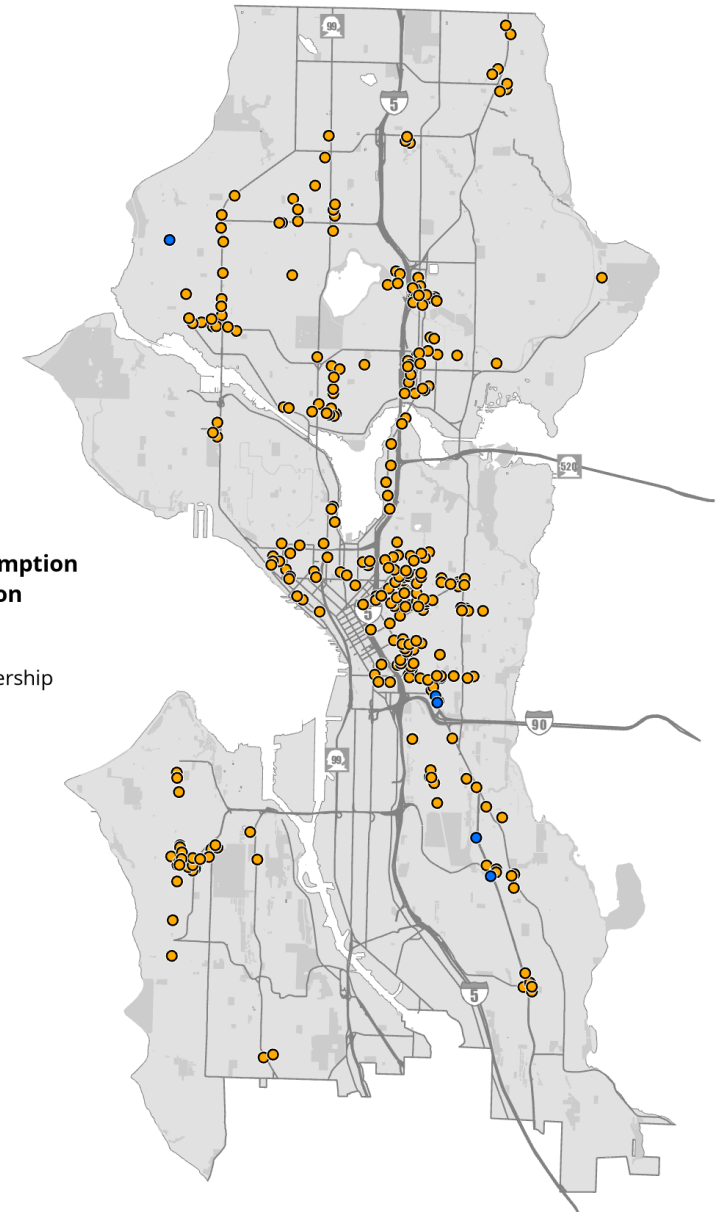
MFTE Participation

- **Homeownership:** 217 OH-funded homes for low-income buyers with approved applications since 1998
 - **Active exemptions:** 54 homes
 - **Pipeline:** 68 homes under construction
 - **Expired/opt out:** 95 homes

Multifamily Tax Exemption (MFTE) Tax Exemption

- MFTE Rental
- MFTE Homeownership

Source: Office of Housing (2023)



2023 MHA Annual Report



What is MHA's Purpose?

Mandatory Housing Affordability (MHA) makes sure that new commercial and multifamily residential buildings either include affordable homes (**performance**) or pay fees to help the City build affordable housing for people with low incomes (**payment**).



Construction of apartments in Capitol Hill

Key Components of MHA

- Development capacity
- Inclusionary zoning
- Increase affordable housing
- Performance vs Payment
- Tiered system
- Mitigation and legal commitments
- Broader strategies for affordable housing



Equinox Apartments, Eastlake

MHA Overview



Developments

Building permits issued for **227** projects meeting MHA requirements in 2023.



MHA Funds

MHA payments decreased by **15%** to **\$63.3** million in 2023.



MHA Performance

Increased by **60%**, resulting in 2023 commitments for **123** new MHA units.

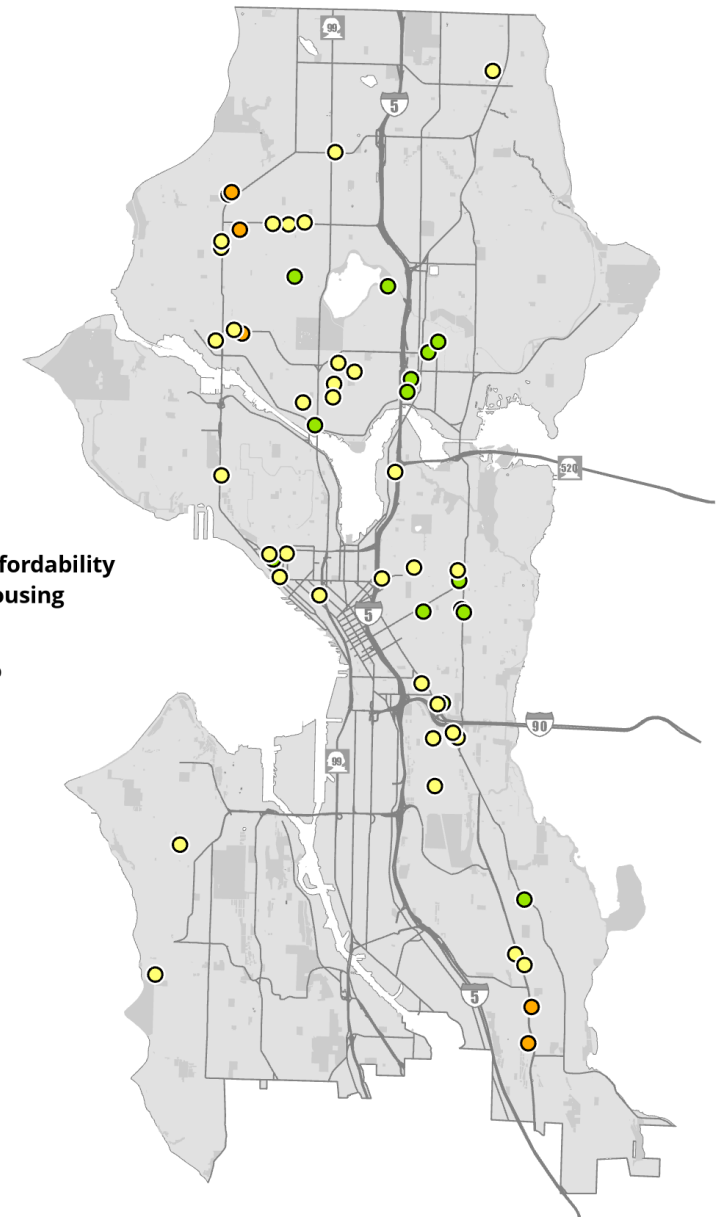
MHA Performance Option

- **Homes:**
 - **To Date Commitments:** 396 affordable apartments and 8 homes for low-income buyers in 56 developments.
 - **2023 Commitments:** 14 developments to include 123 affordable homes.
- **Affordability:**
 - **Rental:** Up to 60% of the area median income (AMI)
 - **Ownership:** Up to 80% of AMI

Mandatory Housing Affordability (MHA) Performance Housing

- In service - Rental
- Pipeline - Ownership
- Pipeline - Rental

Source: Office of Housing (2023)



MHA Payment Option

- **Homes:**
 - **To Date:** 4,393 affordable apartments and 105 permanently affordable for-sale homes awarded \$252.2 million of MHA funds.
 - **2023:** Two apartment buildings with 232 affordable rental homes plus 26 permanently affordable homes.
- **Affordability:**
 - **Rental:** Up to 30% and 60% of the area median income (AMI)
 - **Ownership:** Up to 80% of AMI for ownership.



2023 Annual Reports

Questions?



2023 Annual Investments Report Summary

In 2023, the City of Seattle continued its commitment to creating and maintaining affordable housing, crucial for improving residents' living conditions, promoting health, and preventing displacement. This report highlights the City's financial activities and production statistics for rental housing, homeownership, home repair, weatherization programs, and emergency rental assistance.

Key Accomplishments in 2023

Affordable Housing Openings and Constructions

- **New Openings:** 13 rental buildings (1,750 units), 3 homeownership developments (20 homes).
- **Under Construction:** 16 rental buildings (1,888 units), 11 homeownership developments (260 homes).

Investment Totals

- **Rental Housing:** \$57 million for new production and preservation distributed to five developments, creating 542 new units.
- **Short-Term Loans:** \$18 million for securing sites for future 528 units.
- **Homeownership Program:** \$12.3 million for 115 new permanently affordable homes.
- **Home Repair Program:** \$595,564 for 38 low-income homeowners' critical repairs.
- **Weatherization Program:** \$2.7 million for upgrades in 143 homes and 17 apartment buildings (3,520 units).

Special Initiatives

- **Clean Heat Program:** \$1.8 million converting 84 homes from oil-to-electric heating systems.
- **Emergency Rental Assistance:** \$51.9 million in rental assistance to 11,181 low-income renters for duration of program since 2021.

Challenges and Additional Investments

In 2023, rising construction costs due to the pandemic, inflation, and high operating expenses necessitated an additional \$90 million to ensure the completion of 70 projects (7,600 homes). Funding sources included Mandatory Housing Affordability (MHA) and Payroll Expense Tax (PET).



Seattle
Office of Housing

2023 Annual Housing Investments Report

Mayor Bruce Harrell

City of Seattle

Councilmember Cathy Moore, Chair

Finance and Housing Committee, Seattle City Council

Maiko Winkler-Chin, Director

Seattle Office of Housing

June 2024

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Executive Summary

Continued investments create and sustain affordable rental housing and homeownership.

Investing in permanent affordable housing is one of the most critical actions our City performs to increase opportunities for people to live in Seattle, promote health and well-being, and prevent residential displacement. The Office of Housing's Annual Investments Report provides a comprehensive overview of the City of Seattle's efforts to produce and preserve affordable housing through various funding strategies. The report covers financial activities and production numbers for the Rental Housing, Homebuyer, Home Repair, and Weatherization programs, along with emergency rental assistance in response to the ongoing economic impacts of the coronavirus pandemic.

The report features maps illustrating the location of rental and owner-occupied housing investments across the City and their proximity to urban centers and urban villages, transit access, and within areas at high risk of displacement.

The City of Seattle's investment in affordable housing advances racial equity. People of color make up a disproportionate share of the population without homes, those who have the highest housing cost burden, and are at risk of displacement. Every investment is promoting stability for individuals and families, and progress towards more inclusive communities throughout Seattle. Section V of this report provides race/ethnicity and income demographics for City affordable housing programs, as an indicator of how the Office of Housing investments are advancing racial equity. 61% of the residents in City-funded rental housing are people of color, as are 65% of the participants in the City's homebuyer programs.

Affordable Housing Opening and Under Construction

The City's longstanding track record of investment helps secure a steady supply of new affordable homes.

- In 2023, thirteen OH-funded rental housing buildings were opened, providing 1,750 affordable rent- and income-restricted homes. Three OH-funded homeownership developments were completed, with 20 permanently affordable homes sold to income-eligible first-time homebuyers.
- Sixteen new rental buildings with more than 1,888 new affordable apartments are in various development stages and will open in the coming years as a result of past and current funding commitments. Prior- and current-year OH funding awards will yield 260 new permanently affordable for-sale homes across eleven homeownership developments.

2023 Housing Investments

Funds awarded for the creation and preservation of affordable rental housing and development of for-sale housing for first-time homebuyers made 2023 a unique year of investment activity for rental housing and unprecedented investment activity for homeownership, taking advantage of strategic development opportunities, as well as recalibrating for additional funding needs within our existing portfolio of developments.

Rental Housing Program: This program funds production and preservation of rental housing that will serve low-income Seattle residents for a minimum of 50 years.

- \$57 million awarded for rental housing production.
- 542 new affordable rental apartments will be produced through those awards.
- \$18 million acquisition loans to secure three sites that will support future development of 528 new rental units.

Homeownership Program: This program funds the development of new for-sale housing stock that will be sold to low-income, first-time buyers at affordable prices for a minimum of 50 years.

- \$12.3 million for permanently affordable homeownership development.
- 115 new permanently affordable for-sale homes at eight sites.

The Office of Housing also made investments to stabilize low-income homeowners and improve the environmental sustainability and performance of existing affordable housing stock. Investment in OH's longstanding home repair and weatherization programs provided direct service to achieve these safety, health, and affordability outcomes for housing owners and renters.

Home Repair Program: This program funds critical health and safety repairs, helping low-income homeowners preserve what is often their greatest financial asset and remain in their homes.

- Approximately \$595,564 provided as loans and grants.
- 38 low-income homeowners assisted.

Weatherization Program: This program funds energy conservation and related indoor air quality improvements, enhancing health, and living conditions and lowering utility bills for low-income homeowners and renters.

- \$2.7 million in grant funds expended.
- Completed upgrades in 143 single family homes.
- Completed upgrades in 17 affordable apartment buildings, with a total of 3,520 affordable units.

Clean Heat Program: The Clean Heat Program (or Oil-to-Electric) addresses increasing costs associated with heating systems by converting oil furnaces to electric heating systems, lowering energy usage, and reducing the impact of homes on the environment.

- \$1.8 million in grant funding expended.
- 84 homes participated in converting from oil to electric heat pumps in 2023.

Additional Investment Need in 2023

In 2023, affordable housing developers experienced unprecedented rising costs in construction due to multiple challenges and constraints: lingering impacts from the pandemic, significant increases in interest rates, a 15% increase in inflation over the last three years, and all-time-high operating costs. These factors contributed to the need for increased investment in projects that were previously awarded OH funding, yet not completed with construction. When developments submit requests, OH staff then review their budgets, examine the justification for additional investment, require them to seek funding from all other possible sources, and work collaboratively to reduce costs where possible. Additional investments approved by December 31, 2023 totaled nearly \$68.6 million, with requests coming from 17

projects in the development pipeline that would ensure 2,018 homes under development would be completed. Funding will come from an array of sources, including Mandatory Housing Affordability (MHA) and Payroll Expense Tax (PET).

Supplementary Reports on Housing Programs and Investments

Three supplementary reports are produced and published simultaneously with this Investment Report.

1. Seattle Housing Levy: Seattle's 2016 voter-approved \$290 million, 7-year levy made its final round of funding awards in 2023. The Seattle Housing Levy 2023 report covers Levy performance in relation to adopted goals and affordability requirements for each of the five Levy-funded programs, including several spending programs not addressed in this report: operating and maintenance support for OH-funded buildings, down payment assistance for first-time homebuyers, foreclosure prevention, and homelessness prevention services.

2. Mandatory Housing Affordability and Incentive Zoning: Under Mandatory Housing Affordability (MHA), Seattle requires new multifamily and commercial development to include affordable homes on site or contribute to a City fund used for the preservation and production of low-income housing. Incentive Zoning (IZ) allows commercial and residential developers to achieve additional development capacity by providing affordable housing units (IZ units) or making a payment to fund capital costs of producing and preserving low-income housing across Seattle. The MHA/IZ report compiles information on both the voluntary and mandatory programs, including information on participating properties and resulting production of affordable housing, as required in the Council-adopted OH Housing Funding Policies.

3. Multifamily Tax Exemption Program: The City of Seattle's Multifamily Tax Exemption (MFTE) program provides a property tax exemption to owners of multifamily rental properties and buyers of homes in multifamily developments. For rental properties, property owners are exempt from property taxes on residential improvements in exchange for limiting housing costs for income-qualified households on at least 20% of the units. This annual report is required under Ordinance 124877 and addresses data points such as housing production and tax impacts.

I. Affordable Housing Opening and Under Construction

Thirteen OH-funded rental housing projects leased up and began operations in 2023, comprising 1,750 new affordable apartments. Twenty OH-funded permanently affordable for-sale homes were also completed in 2023, and homes were sold to low-income first-time homebuyers.

Table 1: OH-Funded Housing Opened in 2023

Project Name Project Sponsor Neighborhood	Description
Rental Apartments	
Freehold Apartments <i>Mount Zion Housing Development</i> Central District	61 units for a mix of extremely low-income, very low-income, and low-income senior renters.
Blake House <i>Plymouth Housing</i> First Hill	112 units for extremely low-income renters and formerly homeless seniors and veterans.
The Rise on Madison <i>Bellwether Housing</i> First Hill	248 units for very low-income and low-income renters, including families.
Pride Place <i>Community Roots Housing</i> Capitol Hill	118 units for a mix of extremely low-income, very low-income, and low-income senior renters.
Ethiopian Village <i>HumanGood</i> Rainier Beach	89 units for a mix of extremely low-income, very low-income, and low-income senior renters.
Salish Landing <i>Seattle Housing Authority</i> Delridge	81 units for a mix of extremely low-income and low-income renters, including families.
John Fox Place <i>Low Income Housing Institute</i> Aurora / Licton Springs	103 units for a mix of extremely low-income, very low-income, and low-income renters, including families.
Elizabeth Thomas Homes <i>Archdiocesan Housing Authority</i> Rainier Beach	119 units for a mix of very low-income and low-income renters, including families.
Maddux <i>Mount Baker Housing Association</i> Mount Baker	202 units for a mix of very low-income and low-income renters, including families.
Burbridge Place <i>Downtown Emergency Service Center</i> Aurora / Licton Springs	124 units for a mix of extremely low-income and low-income renters, including families.
13th and Fir <i>Seattle Chinatown International District Preservation and Development Authority</i> Yesler Terrace	155 units for a mix of extremely low-income and low-income renters, including families.

Toft Terrace <i>Plymouth Housing</i> Ballard	81 units for extremely low-income single adults who've experienced housing insecurity.
Polaris at Lake City <i>Inland Group</i> Lake City	257 units for very low-income and low-income renters and families.
Permanently Affordable For-Sale Homes	
Capitol View <i>Habitat for Humanity</i> Capitol Hill	13 residential condominium units that are resale-restricted and permanently affordable for low-income homebuyers consisting of 6 one-bedrooms, 5 two-bedrooms, and 2 three-bedrooms.
Highland Terrace Phase 1 <i>Habitat for Humanity</i> Highland Park	Phase 1 consists of 6 resale-restricted, permanently affordable homes for low-income homebuyers consisting of 4 two-bedrooms and 2 three-bedrooms.
Puget Ridge Co-Housing <i>Homestead Community Land Trust</i> Delridge	Acquisition of and secured as resale-restricted, permanently affordable 1 two-bedroom home in an existing co-housing development.

Table 2: OH-Funded Housing Under Development and Under Construction

Sixteen new rental buildings with 1,888 affordable apartments are in development stages and will open in the coming years, as a results of past and current funding commitments. Prior OH funding awards will yield 260 new permanently affordable for-sale homes across 11 homeownership developments. The buildings and homes listed below were either under construction or preparing for permitting and construction as of December 31, 2023.

Project Name <i>Project Sponsor</i> Neighborhood	Description
Rental Apartments	
Sacred Medicine House <i>Chief Seattle Club</i> Lake City	117 units for extremely low and very low-income renters and formerly homeless individuals.
Grand Street Commons <i>Mount Baker Housing Association</i> Judkins Park	204 units for very low-, and low-income renters and families.
Devonshire Portfolio (Rehab) <i>Community Roots Housing</i> Belltown	62 units for a mix of very-low income and low-income renters and families.
Union Hotel (Rehab) <i>Downtown Emergency Service Center</i> Pioneer Square	52 units for extremely low-income and formerly homeless individuals.

Columbia City <i>El Centro de la Raza</i> Columbia City	86 units for a mix of extremely low-income, very low-income, and low-income renters.
Bryant Manor <i>First A.M.E. Housing Association</i> Central District	100 units for a mix of extremely low, very low-, and low-income renters and families.
Northaven WF <i>Gaard Development</i> Northgate	36 units for low-income renters - City funded and the rest are workforce (53 units not City funded).
NP and Eastern <i>InterIm Community Development Association</i> Chinatown-International District	107 units (NP – 61, Eastern – 46) for a mix of extremely low-income and very low-income individuals & families.
Pacific Apartments <i>Plymouth Housing</i> Downtown	87 units for a mix of extremely low-income and very low-income homeless, & formerly homeless individuals.
North Lot <i>Seattle Chinatown International District Preservation and Development Authority</i> Beacon Hill	159 units for a mix of very low-income and low-income renters and families.
Sawara <i>Seattle Housing Authority</i> Yesler Terrace	113 units for a mix of extremely low-income and low-income renters and families.
MLK Mixed Use <i>Low Income Housing Institute</i> Othello	147 units for a mix of extremely low-income and very low-income renters and families.
Africatown Plaza <i>Community Roots Housing</i> Central District	126 units for low-income renters and families.
Flourish on Rainier <i>Bellwether Housing</i> Rainier Beach	181 unit for low-income renters, including families.
LIHI Good Shepherd <i>Low Income Housing Institute</i> Central District	84 units for a mix of extremely low and very low-income renters.
5th and Seneca <i>Seattle Housing Authority</i> Downtown	114 units for a mix of extremely low-income and very low-income renters.
Juniper <i>Seattle Housing Authority</i> Yesler Terrace	113 units for a mix of extremely low-income and low-income renters and families.

Permanently Affordable For-Sale Homes	
3 Sites in the Rainier Valley Homeownership Initiative <i>Habitat for Humanity</i> Othello and Columbia City	3 three-bedroom, 3 four-bedroom, and 1 five-bedroom resale-restricted, permanently affordable homes for low-income homebuyers.
Columbia City Condos <i>Habitat for Humanity</i> Columbia City	58 resale-restricted, permanently affordable one- and two-bedroom condominium homes for low-income homebuyers.
Highland Terrace Phase 2 <i>Habitat for Humanity</i> Highland Park	Phase 2 consists of six homes that are resale-restricted, permanently affordable homes for low-income homebuyers consisting of 4 two-bedrooms and 2 three-bedrooms.
Olympic Ridge <i>Habitat for Humanity</i> Capitol Hill	17 resale-restricted, permanently affordable one- and two-bedroom condo units for low-income first-time homebuyers.
Woodland View (formerly PAHO) <i>Homestead Community Land Trust</i> Phinney Ridge	19 resale-restricted, permanently affordable one-, two-, and three-bedroom condo units for low-income first-time homebuyers.
Phinney Condos <i>Homestead Community Land Trust</i> Phinney Ridge	19 resale-restricted, permanently affordable one-, two-, and three-bedroom condo units for low-income first-time homebuyers.
Yarrow Cottages <i>Habitat for Humanity</i> South Park	26 resale-restricted, permanently affordable two-bedroom townhomes for low-income first-time homebuyers.
Yarrow Townhomes <i>Habitat for Humanity</i> South Park	30 resale-restricted, permanently affordable two-, three-, and four-bedroom townhomes for low-income first-time homebuyers.
Covidae Cooperative <i>Frolic</i> Columbia City	OH investment will secure the initial and on-going affordability for up to 5 dwelling units as part of a 10 homes Limited Equity Coop.
U-Lex at Othello Square <i>HomeSight</i> Othello	68 one-, two-, and three-bedroom limited equity cooperative homes for low-income first-time homebuyers.
North Seattle Gentle-infill <i>Homestead Community Land Trust</i> North Beach and Licton Springs	4 three-bedroom homes and 1 two-bed rooms on two sites. Combination of primary and D/ADUs.

II. 2023 Housing Investments

The Office of Housing awarded \$57 million in 2023 to build, acquire, and preserve 1,070 affordable rental homes in neighborhoods across Seattle. These investments support a spectrum of housing types for low-income residents, including supportive housing for those experiencing homelessness, apartments for low-income individuals and families, seniors, and projects sponsored by organizations rooted in, led by, and serving communities of color. A breakdown of these investments by fund source is below.

Table 3: Rental Housing Program Funds Awarded

New production, reinvestment, and preservation

Fund Source	2023 Funding Awarded	Description
2023 Seattle Housing Levy	\$16.3	The voter-approved Seattle Housing Levy provides approximately \$101 million per year for new housing production and preservation in the rental housing program.
2016 Seattle Housing Levy	\$3.5 M	The voter-approved Seattle Housing Levy provides approximately \$29 million per year for the rental housing program. Based on cumulative outcomes over seven years of the 2016 Levy, the Rental Production and Preservation Program has exceeded its seven year goals.
Seattle Payroll Expense Tax (JumpStart)	\$23 M	The Seattle Payroll Expense Tax is a business excise tax where a percentage of revenue is dedicated to affordable housing, including rental housing production.
Seattle Mandatory Housing Affordability (MHA) payments	\$5.6 M	In areas subject to MHA requirements, residential and commercial developers make financial contributions toward affordable housing in cases when they do not opt to pursue a performance option.
Seattle Incentive Zoning / Bonus payments	\$0.7 M	Residential and commercial developers whose developments received permits prior to MHA implementation continue to make payments to the City under the Incentive Zoning program.
Federal funds, which may include HOME, CLFR, or other	\$5.5 M	HOME provides formula grants to states and municipalities to fund a wide range of activities. CLFR, a part of the American Rescue Plan Act (ARPA), provides local governments resources to support households, businesses, and public services impacted by the pandemic.
Other local funds	\$2.5 M	Fund interest and other local funds.
Total	\$57 M¹	

¹ Each line item of funding amount is rounded to the nearest decimal, as such the actual total may fluctuate over or under by a small percentage.

OH awarded an additional \$12.3 million to develop 115 permanently affordable homes for first-time homebuyers. OH's Home Repair Program provided nearly \$595,563 in loans and grants to low-income homeowners to address critical health, safety, and structural issues. OH's HomeWise Weatherization Program expended \$9.1 million to provide energy efficiency and indoor air quality improvements in affordable apartment buildings serving low-income renters and single-family homes with low-income owners. A breakdown of these investments by fund source is below.

Table 4: Homeownership Development Funds

Permanently affordable, resale-restricted for-sale housing

Fund Source	2023 Funding	Description
Mandatory Housing Affordability (MHA) payment	\$2.6 M	A portion of the developer payment proceeds under the MHA program (see description above, under Rental Housing) is intended for development of permanently affordable, resale-restricted for-sale housing.
Seattle Payroll Expense Tax (JumpStart)	\$9.7 M	The Seattle Payroll Expense Tax is a business excise tax where a percentage of revenue is dedicated to affordable housing, including rental housing production.
Total	\$ 12.3 M	

Table 5: Home Repair Program Funds

Fund Source	2023 Funding	Description
Community Development Block Grant	\$ 295,270	Loans made with CDBG home repair loan repayments.
Seattle Housing Levy (program income)	\$ 112,064	Loans made with 1995 Levy home repair loan repayments.
Seattle Housing Levy	\$ 110,845	Grants made with 2016 Levy funding.
1989 Bond	\$ 24,000	Loans made with 1989 Bond home repair loan repayments.
Multi-Year (program income)	\$ 36,422	Loans made with Multi-Year home repair repayments.
Seattle Public Utilities	\$ 16,962	Loans made with SPU funding.
Total	\$ 595,563	

Table 6: Low-Income Weatherization Program Funds

Fund Source	2023 Funding	Description
Seattle City Light	\$ 3.4 M	Energy efficiency improvements to electrically heated homes and apartments in Seattle City Light's service area.
JumpStart Payroll Expense Tax	\$ 1.6 M	Oil to electric heat conversions; funding comes from 2023 JumpStart PET.
Washington State Capital Budget	\$ 1.7 M	Energy efficiency, asthma reduction and indoor air quality improvements in homes and apartments; funding is provided through the State Energy Matchmaker Program.
Federal	\$ 1.8 M	Energy efficiency and indoor air quality improvements in homes and apartments; funding from Department of Health and Human Services, Department of Energy, and Bonneville Power Administration.
Puget Sound Energy	\$ 604, 553	Energy efficiency and health and safety improvements for gas heated buildings.
Total	\$ 9.1 M	

Emergency Rental Assistance

In 2023, the City continued its work to administer emergency rental assistance to provide stability for renters with low incomes who were economically impacted by the COVID-19 pandemic. Starting in 2021, the City employed a three-pronged strategy to distribute available funds that reached more than 11,000 Seattle renters whose housing stability was jeopardized by the pandemic's economic impacts. This approach to program implementation emphasized efficient and trusted partnerships, through:

- A direct contract with United Way of King County, building on their strong foundation of existing eviction prevention work.
- Innovative delivery by the Seattle Office of Housing's direct support to nonprofits that operate city-funded affordable housing.
- Intentionality with respect to communities who were most negatively impacted by COVID-19, through direct engagement with community-based organizations, including agencies led by and serving BIPOC, immigrant, and refugee communities.

By the end of 2023, approximately \$51.9 million in rental assistance had been paid out to 11,181 households. The three-program strategy ensured that federal funding could be quickly disbursed in a streamlined yet equitable manner: across the Community-Based Organizations, United Way, and Office of Housing programs, about 68% of rental assistance recipients who reported their race identified as people of color, and 15% of Hispanic ethnicity.

Capital Funds Leveraged

Rental Housing Development: Of the City's total capital investment in rental housing production and reinvestment, \$57 million in 2023 was dedicated to new housing development. This \$57 million in OH investment will result in a total investment of \$263.2 million in new low-income housing, not including funds that pay for ground floor commercial or community spaces. The \$263.2 million that augments City funding derives from multiple sources, with the largest being private activity bonds and private equity investment through the federal Low-Income Housing Tax Credit program, both of which are administered by the Washington State Housing Finance Commission.

Homeownership Development: Development of homeownership housing typically leverages between \$4 and \$5 per dollar spent of City funding. The homebuyer's mortgage, borrowed from a conventional mortgage lender, and their down payment amount constitutes the largest share of that leverage, averaging roughly two-thirds of the cost of each home. Other subsidy sources include State Housing Trust Fund, Federal Home Loan bank and HUD's Self-Help Homeownership Program (SHOP), along with philanthropic and volunteer labor contributions.

III. Projects Funded in 2023

Table 7: Rental Housing, New Development Projects, 2023

Project Name <i>Project Sponsor</i> Neighborhood	Project Description	Restricted Units				Capital Funding (City Only, \$M)				
		Total	Levy	PET	MHA	Total	Levy	PET	MHA	Other
Bryant Manor Phase II <i>First A.M.E. Housing</i> Central District	Construction of one-, two-, and three-bedroom apartments serving families and individuals with income up to 50% and 60% AMI. Phase II will begin when construction of Phase I is complete.	148			148	\$21.3		\$13.5	\$4.6	\$3.2
Beacon Hill Affordable TOD <i>El Centro de la Raza / Edge Development</i> Beacon Hill	Construction of studio, one-, and two-bedroom apartments serving families and individuals with incomes up to 30%, 50%, and 60% AMI.	84			84	\$10.5		\$9.5	\$1	
Juniper Apartments <i>Seattle Housing Authority</i> Yesler Terrace	Construction of one-, two-, three-, and four-bedroom apartments serving families and individuals with incomes up to 30% and 60% AMI.	113	113			\$3.5	\$3.5			
DESC Lake City² <i>Downtown Emergency Service Center</i> Lake City	Construction of permanent supportive housing (studio apartments) serving individuals who are experiencing chronic homelessness with incomes up to 30% AMI. Robust on-site supportive services provided.	120	120			\$12.8	\$12.8			

125th & Aurora Senior Housing² <i>Low Income Housing Institute</i> Bitter Lake	Construction of studio and one-bedroom apartments serving seniors 62+ making up to 30% and 50% AMI.	89	89			\$9	\$3.5			\$5.5
Total – New Development		542	322		232	\$57	\$19.8	\$23	\$5.6	\$8.7

Table 8: Rental Housing, Reinvestment and Preservation, 2023

There were no awards made in 2023 for rental housing reinvestment and preservation. Preservation goals from the 2016 Housing Levy were exceeded and funding was limited; because of this, we focused awards on new rental production through the four developments above.

Table 9: Rental Housing, Short-Term Financing, 2023

OH provides short-term financing, or a temporary loan, that provides funding until permanent financing is secured. It is often used for land or building acquisition.

Project Name <i>Project Sponsor</i> Neighborhood	Project Description	Restricted Units				Capital Funding (City Only, \$M)				
		Total	Levy	PET	MHA	Total	Levy	PET	MHA	Total
Beacon Crossing <i>Shelter Resources, Inc.</i> North Beacon Hill	Acquisition of a site for future development of affordable apartments serving individuals and families earning a range of income up to 50% and 60% AMI.	165				\$9.7	\$9.7			
Urban League Empowerment Center <i>Urban League of Metropolitan Seattle</i> Rainier Valley	Acquisition of three adjoining sites for future development of affordable apartments serving individuals and families earning up to 60% AMI.	291	291			\$2.6	\$2.6			

² DESC Lake City and 125th & Aurora Senior Housing will likely receive 2023 Seattle Housing Levy funds collected in 2024. We are including them in this report because they applied and were awarded in the 2023 Notice of Funding Availability. They will appear again in 2024 reports.

Beacon Hill Affordable TOD <i>El Centro de la Raza / Edge Developers</i> Beacon Hill	Acquisition of three single family residences for future development of affordable apartments serving 30%, 50%, and 60% AMI.	72				\$5.7	\$5.7			
Total – Short-Term Financing		528				\$18M	18M			

Table 10: Homeownership Program, New Development Projects, 2023

Project Name <i>Project Sponsor</i> Neighborhood	Project Description	Restricted Units				Capital Funding (City Only, \$M)				
		Total	Levy	PET	MHA	Total	Levy	PET	MHA	Total
Yarrow Cottages <i>Habitat for Humanity</i> South Park	Acquisition of partial constructed development that will result in the new construction of 26 resale-restricted, permanently affordable two-bedroom townhomes for low-income first-time homebuyers.	26			26	\$2.6			\$2.6	
RVAHI Site #5 <i>Homestead Community Land Trust</i> Dunlap	New construction of 8 resale-restricted, permanently affordable three-bedroom townhomes for low-income first-time homebuyers.	8		8		\$1		\$1		
RVAHI Site #6 <i>African Community and Housing Development + Habitat for Humanity</i> Othello	New construction of 31 resale-restricted, permanently affordable one and two-bedroom condominium homes for low-income first-time homebuyers as well as community serving ground floor space.	31		31		\$3.1		\$3.1		
RVAHI Site #7 <i>African Community and Housing Development + Habitat for Humanity</i> Mount Baker	New construction of 31 resale-restricted, permanently affordable one and two-bedroom condominium homes for low-income first-time homebuyers.	31		31		\$3.1		\$3.1		

RVAHI Site #9 <i>African Community and Housing Development + Habitat for Humanity Othello</i>	New construction of 3 resale-restricted, permanently affordable four-bedroom townhomes for low-income first-time homebuyers.	3		3		\$0.5		\$0.5		
Admiral UUC <i>Homestead Community Land Trust West Seattle</i>	New construction of 11 resale-restricted, permanently affordable three-bedroom townhomes for low-income first-time homebuyers.	11		11		\$1.4		\$1.4		
Scattered Site Infill <i>Homestead Community Land Trust Various</i>	Combination acquisition and new construction resulting in 4 two-bedrooms and 1 three-bedroom resale-restricted, permanently affordable homes for low-income first-time homebuyers.	5		5		\$0.6		\$0.6		
Total – Homeownership New Development		115		89	26	\$12.3		\$9.7	\$2.6	

Table 11: Home Repair Program, Loans and Grants, 2023

Type of Assistance	Project Description	Awards Made	Total Funding	Average Assistance
Loans	Repairs that address critical health, safety, and structural integrity issues. Typical repairs include roof replacements, side sewers, plumbing, and electrical work. 0% interest loans, with option for deferred payment for some borrowers. Homeowners often also receive additional grants for weatherization improvements.	24	\$484,719	\$20,197
Grants	Repairs that address immediate health, safety, and structural integrity issues, and repairs needed to access weatherization grants. Grants are provided to owners unable to access a home repair loan.	14	\$110,846	\$7,918
Total		38	\$595,565	

Table 12: Low-Income Weatherization Program, Completed Single-Family Projects, 2023

Project Name	Owner	Project Description	Units	Funding
Single-Family Home Weatherization	<i>Low-income homeowners citywide</i>	Energy efficiency and indoor air quality upgrades at single-family homes, such as insulation, air sealing, new heating systems, hot water heaters, and bathroom fans.	143	\$2.7M
Single-Family Oil-to-Electric Conversions	<i>Low-income homeowners citywide</i>	Convert single-family homes from oil furnaces to efficient electric heat pump systems.	84	\$1.8
Single-Family Weatherization Total			227	\$ 4.5 M

Table 13: Low-Income Weatherization Program, Completed Multifamily Projects, 2023

Project Name	Owner	Project Description	Units	Funding
Eastern Hotel	<i>Interlm Community Development Association</i>	LED lamps and lighting in common areas	47	\$4,715
Council House	<i>Council House</i>	LED lighting in common areas and exterior, ventilation improvements.	164	\$50,569
Bayview	<i>Seattle Housing Authority</i>	Common area and exterior efficient LED lighting.	100	\$25,828
Rex Apartments	<i>Wa Sang Foundation</i>	Air sealing, attic insulation, LED lighting in common areas, ventilation improvements.	30	\$126,139
Union Hotel	<i>Downtown Emergency Service Center</i>	Efficient LED lighting and elevator efficiency upgrades.	52	\$13,490
Golden Sunset	<i>Seattle Housing Authority</i>	Efficient refrigerators.	92	\$19,454
Jefferson Terrace	<i>Seattle Housing Authority</i>	ERV's, ventilation improvements, pipe insulation, in-unit lighting, roof insulation, efficient refrigerator, and air sealing.	299	\$142,500

High Point Block A	<i>Seattle Housing Authority</i>	Upgrade heating system and domestic hot water to high efficiency boilers.	45	\$697,990
Parkview Group Home	<i>Parkview Services</i>	Upgrade heating system to heat pump, air sealing, insulation, bathroom fans, and energy recovery ventilator.	2	\$47,722
Sortun Court	<i>Bellwether Housing</i>	Ductless heat pumps, air sealing, heat pump water heater, bathroom ventilation, and efficient LED lighting.	16	\$199,864
Mercer Apartments	<i>Seattle Housing Authority</i>	Ductless heat pumps.	10	\$84,640
Sterling Court	<i>Bellwether Housing</i>	Ductless heat pumps, air sealing, insulation, heat pump water heater, and bathroom ventilation.	10	\$179,856
Westwood Heights	<i>Seattle Housing Authority</i>	Refrigerators.	42	\$26,984
Montridge Arms	<i>Seattle Housing Authority</i>	Refrigerators.	33	\$18,628
Weller Street	<i>Seattle Housing Authority</i>	Refrigerators.	50	\$25,498
SHA DHP	<i>Seattle Housing Authority</i>	Community room heat pumps and efficient LED lighting.	2,436	\$602,166
SHA	<i>Seattle Housing Authority</i>	Efficient LED lighting.	139	\$41,854
Multifamily Weatherization Total			3,520	\$2.3 M

IV. Geographic Distribution of Housing Investments

The City of Seattle advances equity and equitable development through City location priorities for housing investment. Seattle housing policies direct investments to neighborhoods where low-income residents, including many people of color, face displacement due to rising rents and gentrification. This affordable housing helps sustain cultural communities and enables residents to stay in their neighborhoods. Seattle housing policies also direct investments to higher cost areas where many opportunities are available, including schools, transportation, and amenities.

OH prioritizes investments in locations that:

- Provide access to frequent transit.
- Provide access to opportunity.
- Advance equitable development goals and address displacement.
- Serve needs of residents.

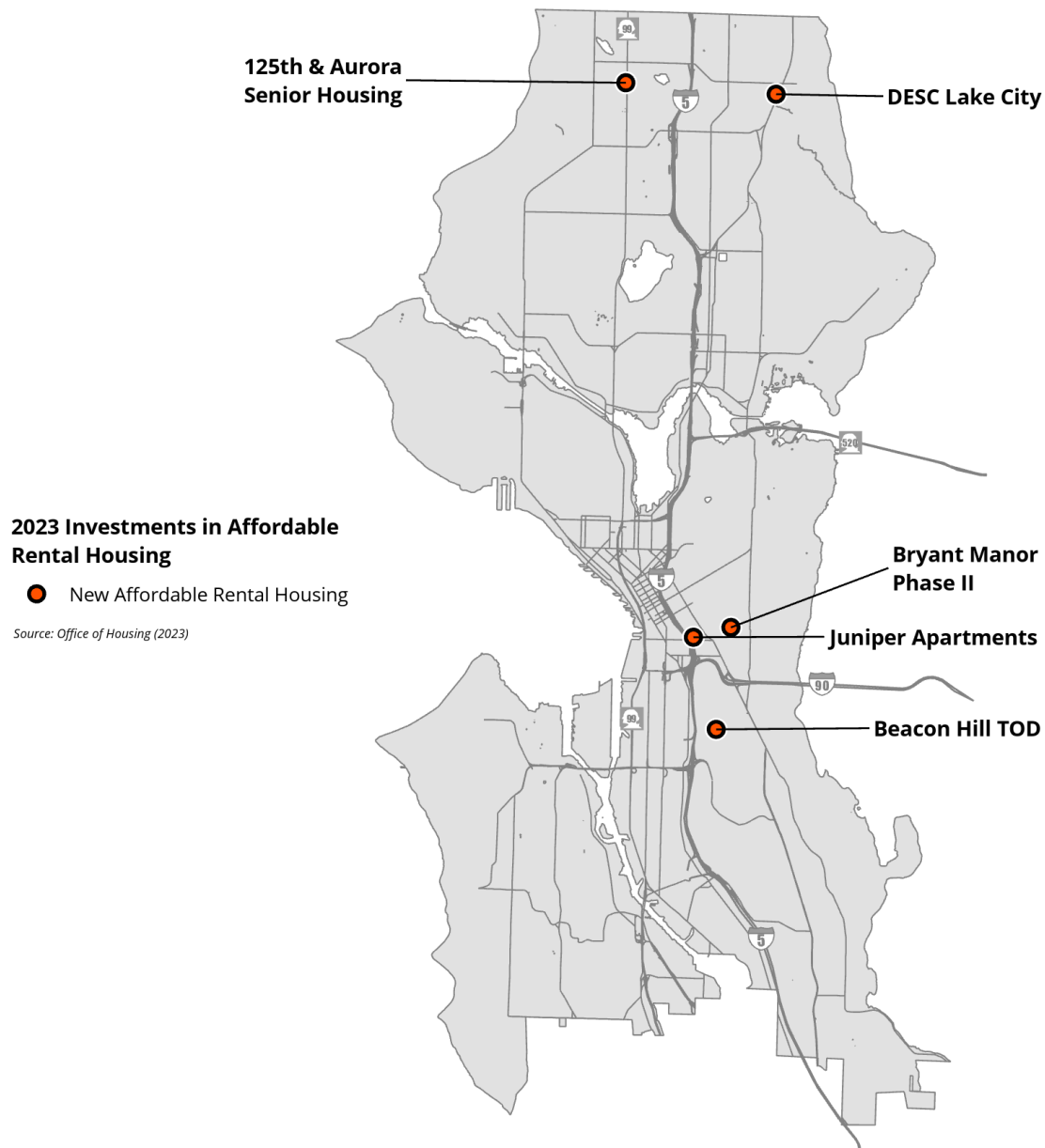
In addition, for purposes of investing payment funds from the Mandatory Housing Affordability program, OH considers a project's proximity to areas where development activity has generated payment contributions.

The following maps and table illustrate how the location of OH-funded affordable housing addresses City priorities.

- Map A: Rental Housing Investments
- Map B: Homeownership Investments
- Map C: Location Within Urban Center/Urban Village Boundaries
- Table 14: OH Investments by Urban Center/Urban Village
- Map D: Access to Frequent Transit Service
- Map E: Displacement Risk Index

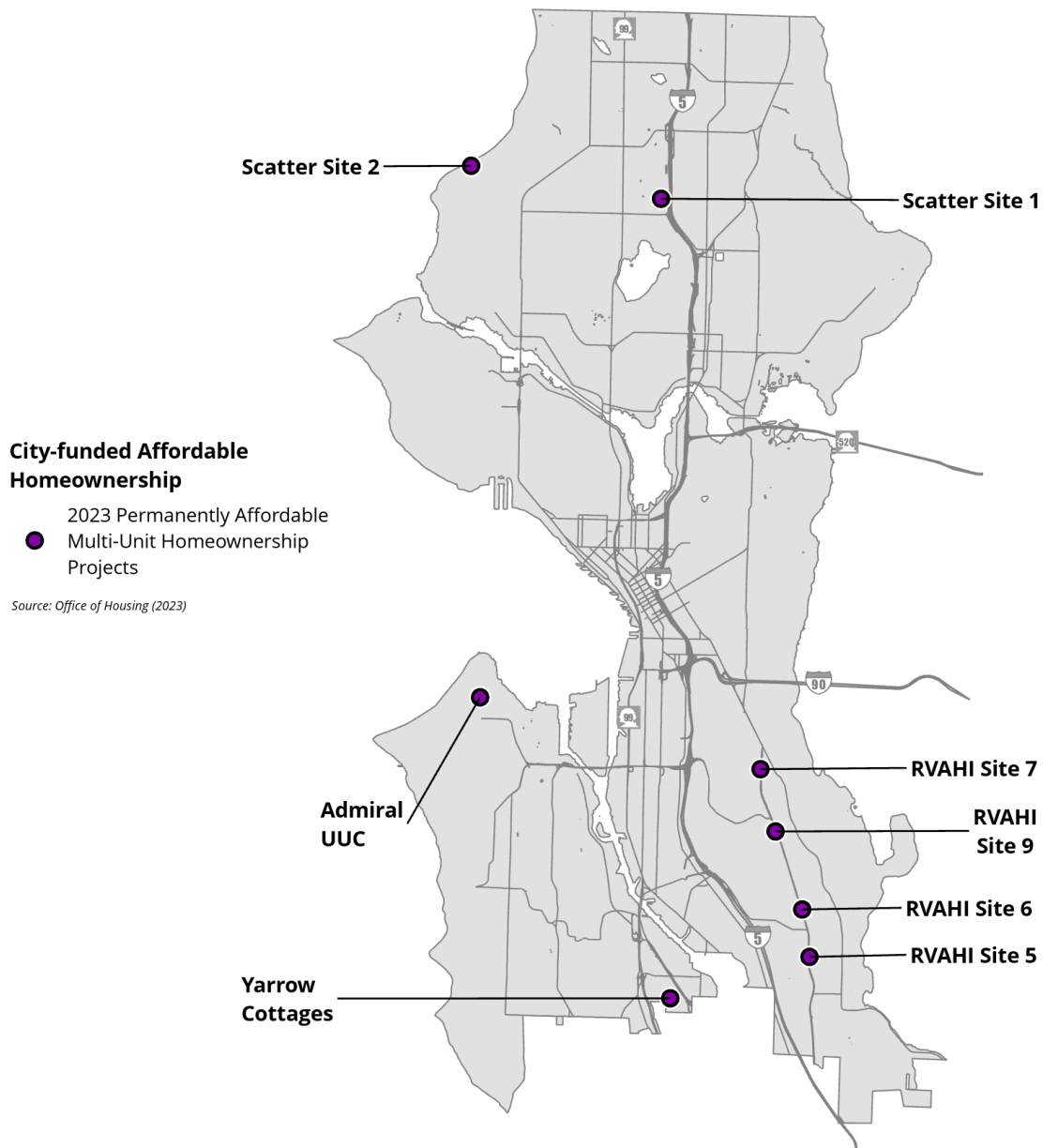
Map A: Rental Housing Investments

OH funds production and preservation of rental housing that will serve low-income Seattle residents for a minimum of 50 years. This outlines new rental housing investments from 2023 for the future development of affordable housing.



Map B: Homeownership Investments

OH creates opportunities for first-time homebuyers through investments in permanently affordable homes as well as down payment assistance loans. This outlines new homeownership investments from 2023 for the future development of affordable housing.



Map C: Location Within Urban Village Boundaries

OH prioritizes investments throughout the city, including in Seattle's most amenity-rich neighborhoods in terms of transit, schools, parks, retail, and other services, in alignment with the City's Urban Village strategy. This outlines new rental housing and homeownership investments from 2023 for the future development of affordable housing.

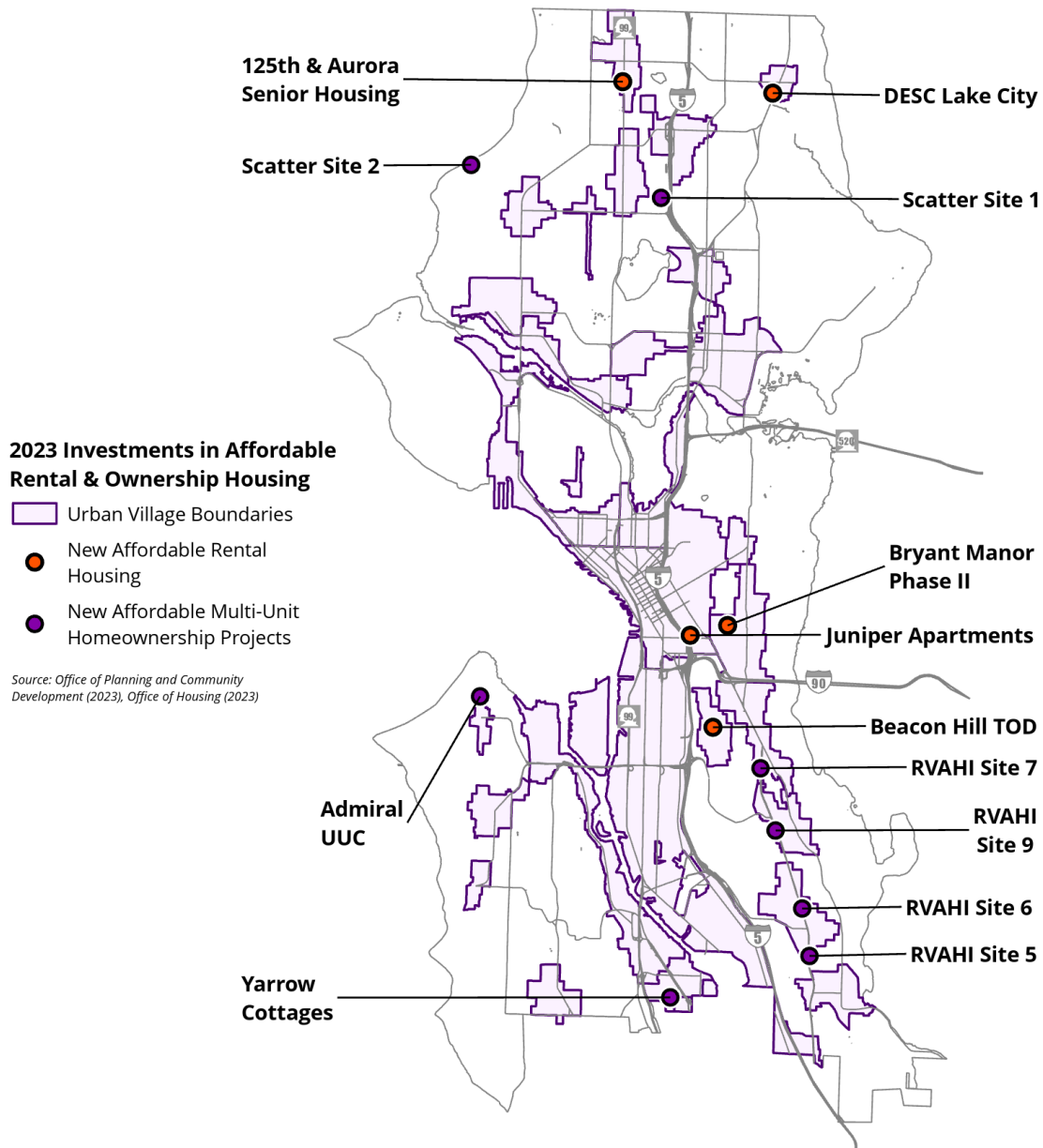
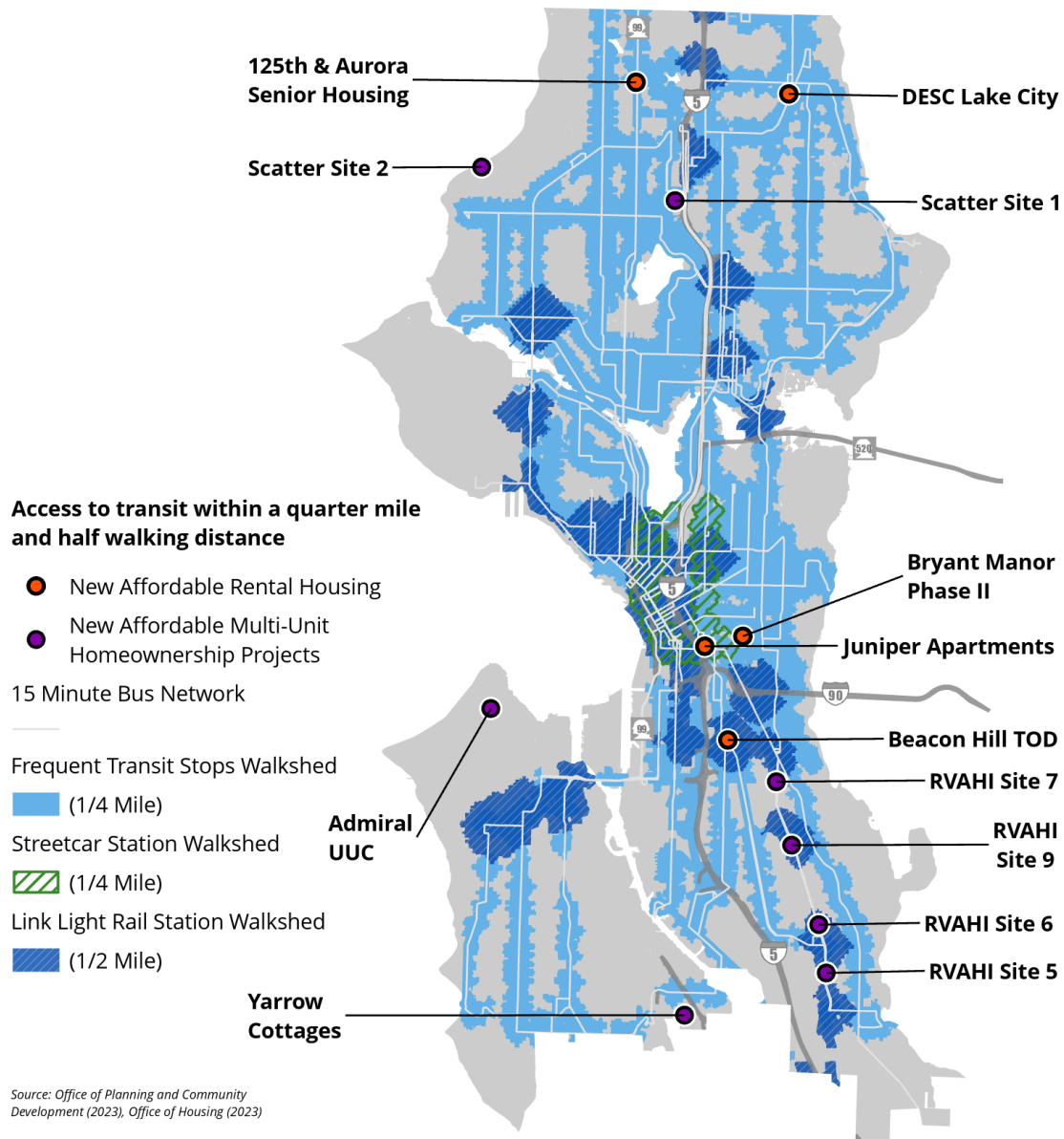


Table 14: OH Investments by Urban Center/Urban Village

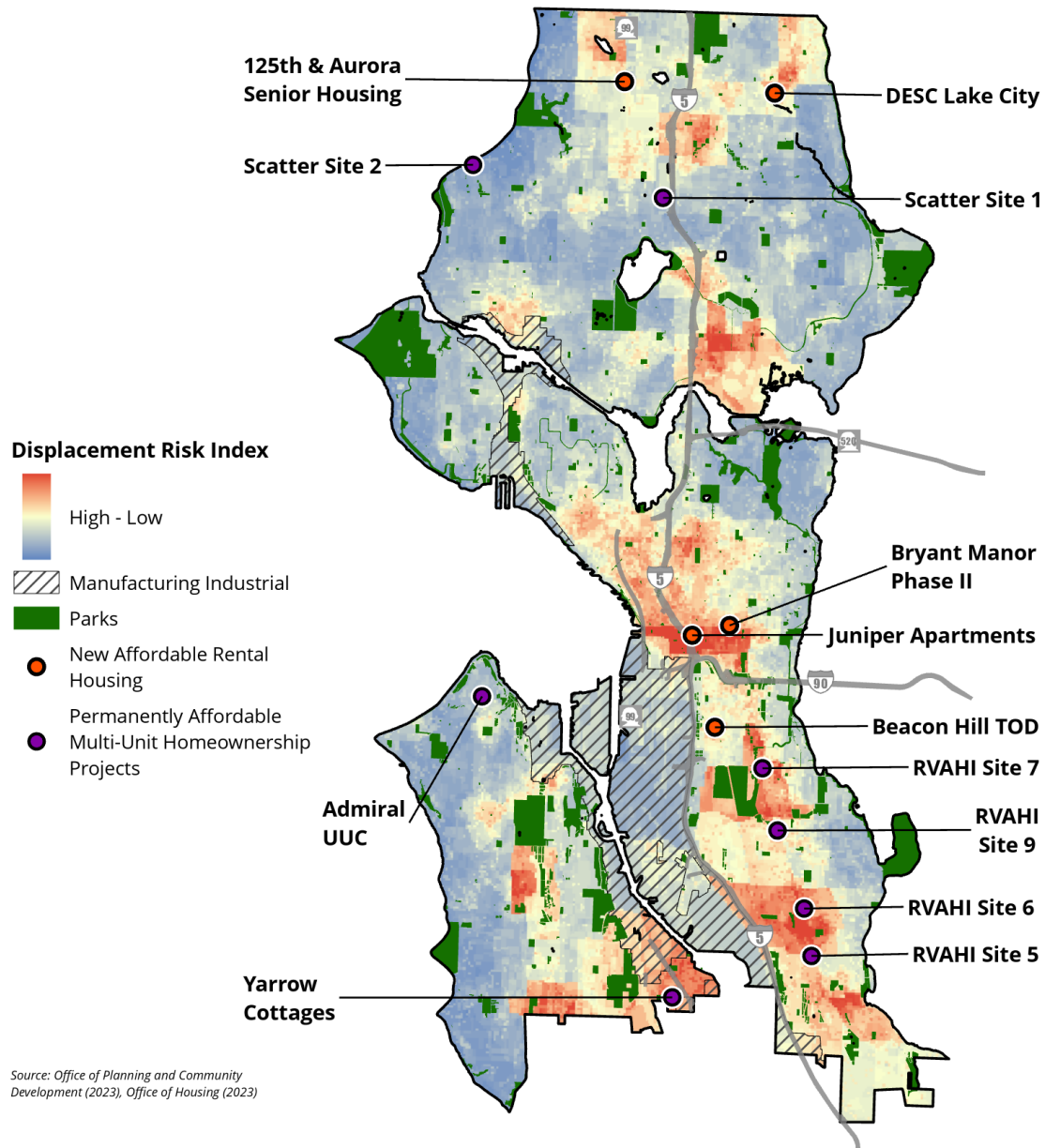
For new development of affordable rental and for-sale housing

Urban Center and Urban Village Groupings ¹	Projects Funded in 2023		
	Shading shows no projects within that area		
	Project Name(s)	Funded Units	Total City \$M
12th Avenue, Capitol Hill, Eastlake, First Hill	Juniper Apartments (113 rental)	113 rental	\$3.5 rental
23rd & Union-Jackson, Madison-Miller	Bryant Manor Phase II (148 rental)	148 rental	\$21.2 rental
Admiral, Morgan Junction, South Park, West Seattle Junction, Westwood-Highland Park	Admiral UCC (11 for-sale) Yarrow Cottages (26 for-sale)	37 for-sale	\$4 for-sale
Aurora-Licton Springs, Bitter Lake Village	LIHI 125th & Aurora (89 rental) Scattered Site Infill #1 (3 for-sale)	89 rental 3 for-sale	\$9.0 rental \$0.4 for-sale
Ballard, Crown Hill, Greenwood-Phinney Ridge	Scattered Site Infill #2 (2 for-sale)	2 for-sale	\$0.2 for-sale
Belltown, Chinatown-ID, Commercial Core, Denny Triangle, Pioneer Square			
Columbia City, Mt. Baker, North Beacon Hill, Othello, Rainier Beach	Beacon Hill Affordable TOD (72 rental) RVAHI Site #5 (8 for-sale) RVAHI Site #6 (31 for-sale) RVAHI Site #7 (31 for-sale) RVAHI Site #9 (3 for-sale)	72 rental 73 for-sale	\$10.5 rental \$7.7 for-sale
Fremont, Green Lake, Wallingford			
Lake City, Northgate	DESC Lake City (120 rental)	120 rental	\$12.8 rental
Queen Anne, Uptown			
Ravenna, Roosevelt, University District			
South Lake Union			
Total		660	\$69.3 M
¹ These geographic areas are defined in the Council-adopted Housing Funding Policies. Investments made outside urban center and urban village boundaries are grouped with the nearest urban center or village.			

Map D: Access to Frequent Transit Service



Map E: Displacement Risk Index³



³ “The Displacement Risk Index focuses on both physical (direct) and economic and cultural (indirect) displacement that affects marginalized populations. By combining data on vulnerability, amenities, development potential, and rents, the displacement risk index identifies areas where displacement of marginalized populations may be more likely.” Office of Planning and Community Development “Growth and Equity Analysis” Report (May 2016)

V. Demographics of Households Served, by Program

Rental Housing

In 2022, the year of the latest available data⁴, there were over 17,000 OH-funded affordable apartments in operation. This number includes apartments that were newly placed in service in 2022, and thus had not been in operation for a full year at the time of data collection. These numbers are based on 15,847 households reporting demographic data.

- **Race / ethnicity:** 61% of households reporting demographic information are led by a person of color; 11% of all households served are led by an individual who identified as Hispanic.
- **Low-Income households:**
 - 73% Extremely Low-Income (up to 30% AMI)
 - 19% Very Low-Income (31% - 50% AMI)
 - 8% Low-Income/Moderate Income (51% - 80% AMI)

Race/Ethnicity of Renter Households, 2022

Percentages are based on the number of households reporting.

- 39% White
- 33% Black/ African American
- 14% Asian/ Pacific Islander
- 11% Hispanic or Latine
- 4% American Indian/ Alaska Native
- 5% Multiracial

Selected 2023 Income Levels*			
AMI = Area Median Income			
	30% AMI	50% AMI	60%AMI
Single Person	\$27,200	\$45,300	\$54,350
3-person Household	\$34,950	\$58,250	\$69,900

* These limits apply to City-funded renter-occupied housing units only.

Homebuyer Assistance

OH has provided purchase assistance for first-time homebuyers since the early 1990s, using Housing Levy proceeds, federal grants, and other fund sources. Households with incomes up to 80% AMI are eligible, although some homeownership development organizations choose to serve a lower-income population. In recent years, OH has increasingly funded the development of new permanently affordable for-sale housing, which is available at an affordable price upon initial sale and resale for eligible home buyers for at least 50 years.

Home purchase assistance promotes more diverse and

Race/Ethnicity of Homebuyer Households, 2019 - 2023

- 38% White
- 33% Black/ African American
- 21% Asian/ Pacific Islander
- 7% Hispanic or Latine
- 2% American Indian/ Alaska Native
- 3% Multiracial

⁴ The Office of Housing imports racial and demographic information from a web based annual reporting application that is administered by the Washington State Housing Finance Commission. Data are available only for households residing in units where the Commission or the State Housing Trust Fund joined the Office of Housing as a capital funder.

equitable neighborhoods, and provides opportunity for households with lower incomes, and for racial and ethnic groups with lower rates of homeownership, to access greater housing stability and build intergenerational wealth. Demographic data is based on 130 homebuyers assisted over the course of the past five years. Home purchase assistance has been provided to:

Race / ethnicity: 65% of homebuyers reporting demographic data identified as people of color or of Hispanic ethnicity.

Low-income households:

- 54% Very Low-Income and Low-Income (31% - 60% AMI)
- 46% Low-Income/Moderate Income (61% - 80% AMI)

Home Repair

The Home Repair program assists low-income homeowners to make critical repairs that address safety concerns or threats to the physical condition of their homes. The program also acts as an important anti-displacement tool, enabling low-income homeowners to stay in their homes even in the face of a cracked side sewer or a failing roof. Forms of financial aid include loans to homeowners with incomes up to 80% AMI and grants to homeowners with incomes up to 50% AMI.

In 2023, the program provided 24 loans and 14 grants to 38 homeowners. Three homeowners chose not to report demographic data.

Race/Ethnicity of Reporting Homeowners Receiving Home Repair Grants and Loans, 2023

- 69% White
- 11% Black/ African American
- 20% Asian/ Pacific Islander
- 0% American Indian/ Alaska Native
- 0% Multiracial

- **Race / ethnicity:** 31% of those homeowners reporting demographic data identified as people of color or of Hispanic ethnicity.
- **Low-income households:**
 - 68% Extremely Low-Income (up to 30% AMI)
 - 10.5% Very Low-Income (31% - 50% AMI)
 - 10.5% Low-Income (51% - 60% AMI)
 - 10.5% Low-Income/Moderate Income (61% - 80% AMI)

Weatherization Grants

The Weatherization Program provides grants for energy conservation and indoor air quality improvements, resulting in lower energy bills and healthier homes. Assistance is available for low-income homeowners up to 80% AMI. In rental housing at least half the residents must be low-income, generally up to 60% AMI. Household eligibility requirements and allowable uses of funds vary somewhat depending on the fund source used. Demographic data of households served is reported for buildings that passed inspections in 2023 but not necessarily reaching the point of project completion.

Multifamily Homes

Program investments in multifamily buildings orient primarily to subsidized housing properties, including buildings owned and operated by nonprofit or other mission-driven housing providers, Seattle Housing Authority, and King County Housing Authority. These investments improve residents' living conditions, reduce operating costs for housing providers, and help preserve the buildings for the long-term.

Demographic analysis reflects data for approximately 3,507 renter households reporting:

- **People of Color:** 54% of reporting households
- **Low-income households:**
 - 87% Extremely Low-Income (up to 30% AMI)
 - 1% Very Low-Income (31% - 50% AMI)
 - 3% Low-Income (51% - 60% AMI)
 - 1% Low-Income/Moderate Income (61% - 80% AMI)

Race/Ethnicity of Residents of Multifamily Homes receiving Weatherization Grants, 3,507 reporting households, 2023

- 46% White
- 26% Black/ African American
- 18% Asian/ Pacific Islander
- 1% Hispanic or Latine
- 2% American Indian/ Alaska Native
- 1% Multiracial

Single Family Homes

In 2023, OH staff inspected and approved energy efficiency and health and safety upgrades at 136 single family homes, most of which were owner-occupied. Residents of these homes, all of whom were low-income, benefit from improved health and quality of life, lower utility bills, and home upgrades that will improve the durability and sustainability of their homes.

Demographic analysis reflects data for approximately 197 single-family households reporting:

- **People of color:** 36% of reporting households
- **Low-income households** (8 households did not report):
 - 44% Extremely Low-Income (up to 30% AMI)
 - 15% Very Low-Income (31% - 50% AMI)
 - 15% Low-Income (51% - 60% AMI)
 - 26% Low-Income/Moderate Income (61% - 80% AMI).

Race/Ethnicity of Residents of Single-Family Homes receiving Weatherization Grants, 197 reporting households, 2023

- 64% White
- 11% Black/ African American
- 16% Asian/ Pacific Islander
- 2% Hispanic or Latine
- 2% American Indian/ Alaska Native
- 1% Multiracial

More Information

For more information, contact the City of Seattle Office of Housing or visit seattle.gov/housing.

Office: Seattle Municipal Tower

700 Fifth Avenue, Suite 5700

Seattle, WA 98104

Mail: City of Seattle Office of Housing

PO Box 94725

Seattle, WA 98124-4725

Phone: (206) 684-0721

Email: housing@seattle.gov

2023 Seattle Housing Levy Report Summary

The 2016 Seattle Housing Levy, with \$290 million in funding over seven years, has significantly contributed to affordable housing production, preservation, and assistance, leveraging public and private investments to serve thousands of residents. This report highlights the Levy's impact on housing development and programs, complementing local funds like the JumpStart Payroll Expense Tax and Mandatory Housing Affordability.

2016 Levy Accomplishments

Rental Housing Production and Preservation Program

- **Exceeded Goals:** Achieved 139% of the 7-year goal with 2,864 new units and 621 reinvested units.
- **2023 Highlight:** \$3.5 million awarded to one project, creating 113 affordable apartments.

Homeownership Program

- **Exceeded Goals:** Reached 135% of the 7-year goal, supporting 379 households.
- **2023 Activities:** Issued over \$110,000 in home repair grants and \$355,000 in purchase assistance loans.

Operating and Maintenance Program

- **Exceeded Goals:** Supported 526 units, achieving 103% of the goal.
- **2023 Summary:** Preliminary commitment for up to 45 new homes.

Homelessness Prevention and Housing Stability Services Program

- **Near Goal:** Served 4,364 households, achieving 97% of the goal.
- **2023 Summary:** Assisted 510 households with \$1.6 million.

Acquisition and Preservation Loans

- **Total Loans:** 15 loans facilitating \$95.7 million in short-term capital allocated over seven years, supporting the creation of 2,355 affordable homes.

Financial Overview

- **Total Funding:** \$290 million over seven years.
- **Leverage:** Each City dollar invested in Rental Housing matched by over \$2.50 from other sources.

Issues for consideration

Celebrate and communicate success of 2016 Seattle Housing Levy

Homelessness Prevention Program

- Slight shortfall in reaching the 7-year goal (97% achieved vs. 100% target).
- Plan to collaborate with the Human Services Department to improve outcomes under the new 2023 Housing Levy.



2023 Seattle Housing Levy Annual Report

June 2024

Housing Levy Oversight Committee

Ann Melone, *Chair, U.S. Bancorp*

Andrea Caupain, *BIPOC ED Coalition*

Cara Kadoshima Vallier, *Office of Mayor Bruce Harrell*

Dan Wise, *Catholic Community Services*

Denise Rodriguez, *Washington Homeownership Resource Center*

Febben Fekadu, *ETS REACH*

James Lovell, *Chief Seattle Club*

Joel Ing, *Edge Developers*

Noah Fay, *DESC*

Patience Malaba, *Housing Development Consortium of Seattle-King County*

Paul Park, *Solid Ground*

Sunaree Marshall, *King County Housing Homelessness and Community Development Division*

Traci Ratzliff, *City Council Central Staff*

Letter from the Chair

As Chair of the Seattle Housing Levy Oversight Committee and on behalf of its members, I am pleased to present this annual report on the Seattle Housing Levy, the final report of the 2016 Housing Levy period. This report on the investments and achievements of the Levy in 2023 demonstrates its strong performance and near complete fulfillment of the goals of the 2016 Seattle Housing Levy, thanks to its careful stewardship by provider and development partners, as well as the staff and leadership at the Seattle Office of Housing. This foundational resource has supported affordable housing development and services for our neighbors for more than 37 years and will continue to do so for at least another seven years thanks to the approval of the 2023 Seattle Housing Levy by the voters in November of 2023.

This report describes Housing Levy investments made in 2023 and demonstrates that all but one Levy program has exceeded the goals set forth in the voter-approved governing ordinance.

- The Rental Housing Production and Preservation Program exceeded its 7-year goals by a combined 39%.
- The Homeownership Program exceeded its 7-year goals by 35%.
- The Operating and Maintenance Program exceeded its 7-year goals by 3%.

The Homelessness Prevention and Housing Stability Services Program did not quite meet its 7-year goals, having served 4,363 homeless and at-risk families and individuals, achieving 97% of its goal of 4,500. With lessons learned from the 2016 Levy, Office of Housing staff will work with the Human Services Department to ensure full attainment of the goal under the 2023 Seattle Housing Levy, now underway.

The companion **2023 Annual Housing Investments Report** contains additional information on the demographics of those served along with maps showing the locations of Levy-funded and other housing investments throughout the city.

Now, with the 2016 Housing Levy performance period complete, the Housing Levy Oversight Committee and staff at the Seattle Office of Housing will turn to the implementation of the 2023 Housing Levy to ensure it starts out on a strong footing. While the 2023 Levy will be the City's primary tool to build more affordable housing, the lack of which is the principal upstream cause of homelessness, the Housing Levy alone cannot solve the housing and homelessness crisis. As many resources as possible must be brought to bear and used in combination with the Levy to maximize leverage of other resources and create as many affordable homes as possible in this critical moment.

We hope that this information is helpful to all readers and clearly communicates the Housing Levy's record of success in service to the residents of our city.

Sincerely,



Ann T. Melone
Chair, Housing Levy Oversight Committee

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Executive Summary

The 2016 Seattle Housing Levy, with \$290 million in funding over seven years, has significantly contributed to affordable housing production, preservation, and assistance, leveraging public and private investments to serve thousands of residents. This report highlights the Levy's impact on housing development and programs, complementing local funds like the JumpStart Payroll Expense Tax and Mandatory Housing Affordability.

2016 Levy Accomplishments

Rental Housing Production and Preservation Program

- **Exceeded Goals:** Achieved 139% of the 7-year goal with 2,864 new units and 621 reinvested units.
- **2023 Highlight:** \$3.5 million awarded to one project, creating 113 affordable apartments.

Homeownership Program

- **Exceeded Goals:** Reached 135% of the 7-year goal, supporting 379 households.
- **2023 Activities:** Issued over \$110,000 in home repair grants and \$355,000 in purchase assistance loans.

Operating and Maintenance Program

- **Exceeded Goals:** Supported 526 units, achieving 103% of the goal.
- **2023 Summary:** Preliminary commitment for up to 45 new homes.

Homelessness Prevention and Housing Stability Services Program

- **Near Goal:** Served 4,364 households, achieving 97% of the goal.
- **2023 Summary:** Assisted 510 households with \$1.6 million.

Acquisition and Preservation Loans

- **Total Loans:** 15 loans facilitating \$95.7 million in short-term capital allocated over seven years, supporting the creation of 2,355 affordable homes.

Financial Overview

- **Total Funding:** \$290 million over seven years.
- **Leverage:** Each City dollar invested in Rental Housing matched by over \$2.50 from other sources.

Housing Levy Accomplishments

The Seattle Housing Levy, passed in 2016, has provided \$290 million over seven years for housing production, preservation, and assistance. This Housing Levy builds on a history of voter support that has provided a significant, consistent resource for affordable housing in Seattle for nearly 40 years. Housing Levy funding has complemented investments by other public and private fund sources and created affordable housing that serves thousands of Seattle residents each year. This report presents Levy-supported housing development and programs. Housing Levy funds work together with other local funds, including proceeds from the JumpStart Payroll Expense Tax and Mandatory Housing Affordability program, to help the Office of Housing (OH) and our partners address needs across the entire affordable housing ecosystem. A full summary of City of Seattle Office of Housing investments, including demographics of households served, can be found in the Office of Housing 2023 Annual Investments Report.

Summary of Levy Funding and Housing Outcomes

The 2016 Housing Levy ordinance set forth the total funding and housing goals for each program over the seven years of the levy, with the reporting period beginning in 2017. Based on cumulative outcomes over the full seven-year period of the 2016 Seattle Housing Levy, three of the four Levy programs — Rental Production and Preservation, Homeownership, and Operating and Maintenance — have exceeded their 7-year goals. Despite strong results in serving over 4,300 families and individuals at risk of and experiencing homelessness, the Homelessness Prevention and Housing Stability Services Program did not meet its 7-year goals by the end of 2023, reaching 97% of its goal of serving 4,500 households.

Rental Production and Preservation

In 2023, this program awarded \$3.5 million in 2016 Levy funds to one housing development project that will provide 113 affordable apartments. The Rental Production and Preservation Program has already exceeded its 7-year goals and this project represents the final award of the 2016 Housing Levy program period.

Operating and Maintenance

From the inception of the 2016 Housing Levy through 2023, Operating and Maintenance contracts have been executed for seven Levy-funded buildings, serving extremely low-income and homeless residents. In 2023, no additional Operating and Maintenance contracts were finalized. However, a preliminary commitment was made to one additional project and up to 45 homes, satisfying the Operating and Maintenance Program 7-year goal. The commitment is provided as an “up to” amount demonstrating OH commitment to the project but recognizing that other operating subsidies may be secured.

Homelessness Prevention and Housing Stability Services

In 2022, the King County Regional Homelessness Authority (KCRHA) assumed management of Housing Levy-funded Homelessness Prevention and Housing Stability Services from the City of Seattle Human Services Department (HSD), while HSD retained administration of funding as a grantor. In 2023, utilizing

\$1.8 million in Levy funds, the program assisted 415 households at imminent risk of eviction and homelessness to maintain stable housing, and 95 households to move into housing after living in their car, shelter, or on the street. As of the end of 2023 and concluding the seven-year period of the 2016 Housing Levy, the Homelessness Prevention and Housing Stability Services Program has achieved 97% of its 4,500 7-year goal.

Homeownership

In 2023, the Homeownership program did not make new awards of 2016 Levy funds for housing development but did issue over \$110,000 in home repair grants and purchase assistance loans totaling \$355,000. The program provided 14 grants for urgent home repairs to low-income homeowners, ensuring they can remain safely and affordably in their current homes. Seven low-income, first-time homebuyers achieved homeownership through Levy-funded purchase assistance loans. Five new homebuyers were able to purchase permanently affordable homes that had received OH investment in the past. And the Homeowner Stabilization Fund helped two existing homeowners avoid foreclosure.

The Homeownership Program has exceeded its 7-year goals in the final year of the 2016 Housing Levy program period. In 2024, the Office of Housing will continue to support low-income homeowners and first-time homebuyers through the Homeownership Program through the 2023 Seattle Housing Levy passed in November of 2023.

Acquisition and Preservation Loans

Three new Acquisition and Preservation loans using Levy funds were closed in 2023 and the loans currently outstanding satisfy the requirements of the Acquisition and Preservation program.

Over the course of the 2016 Levy reporting period thus far, OH has made fifteen loans under the Acquisition and Preservation Program totaling approximately \$95.7 million, \$36.8 million of which have been repaid to date. In total, these loans will support the creation of 2,355 affordable apartments.

Administration

The 2016 Housing Levy ordinance sets aside 9% of Levy proceeds for administration. In 2023, OH expended \$4.1 million for overall Levy administration.

2016 Housing Levy Funding Allocations and Housing Outcomes

Levy Program	Funding		Housing Outcomes	
	7-year Funds Committed 2017-23	7-year Funds Allocated 2017-23	7-year* Outcomes 2017-23	7-year* Goals 2017-23
Rental Production and Preservation	\$202.3 M ¹	\$ 201 M	2,864 units added	2,150 units added
			621 units reinvestment	350 units reinvestment
Operating and Maintenance	\$38 M contracted / up to \$4 M committed	\$42 M	481 units contracted, up to 45 units with preliminary commitments of funding support, 529 units total	510 units
Homelessness Prevention / Housing Stability Services	\$11.6 M ²	\$11.5 M	4,364 households	4,500 households
Homeownership	\$18.8 M ³	\$ 14.3 M	379 households	280 households
Acquisition and Preservation	\$95.7 M total / \$36.8 M loans repaid ⁴	No separate allocation for this program	2,355 units	No 7-year goal associated with this program

¹ Rental Production and Preservation funding includes interest derived from 2016 Levy

² A small amount of administrative funds was shifted to program services by agreement with HSD.

³ Homeownership Program funding includes interest derived from the 2016 Levy and funds carried forward from the 2009 Levy.

⁴ Acquisition and Preservation loans are funded from funds not yet needed for other Housing Levy programs. They are repaid in the short-term and there is no separate funding allocation for the program.

Summary of 7-Year Progress Toward 7-Year Housing Levy Goals

Rental Production & Preservation Program: New Production									
Exceeded goal of 2,150 units of rental housing produced (133%)									
Rental Production & Preservation Program: Reinvestment									
Exceeded goal of 350 units of rental housing preserved (177%)									
Operating and Maintenance Program									
Exceeded goal of 510 rental housing units supported with operating and maintenance funds (103%)									
Homelessness Prevention & Housing Stability Service Program									
4,364 of 4,500 individuals and families assisted (97%)									
Homeownership Program									
Exceeded goal of 280 low-income homeowners assisted (135%)									
10% >	20% >	30% >	40% >	50% >	60% >	70% >	80% >	90% >	100%

Rental Production and Preservation Program

Rental Production and Preservation is the largest Levy program and provides approximately \$29 million annually in capital funds to support development and preservation of affordable rental housing, but with the 2016 Levy period coming to a close, funding has been largely allocated to earlier commitments and supplements to previously awarded projects. Levy funds provide affordable opportunities in neighborhoods throughout the city and leverage other public and private investment for housing development and operations.

The program funds new construction, building acquisition and rehabilitation to preserve low-cost housing, and reinvestment in affordable housing when major upgrades are needed. The housing serves eligible residents for a minimum of 50 years. At least 60% of total Rental Production and Preservation and Operating and Maintenance housing funds must serve extremely low-income households defined as those below 30% AMI. This policy is met by reserving all Operating & Maintenance funds to serve this income group and awarding at least 52% of Rental Production and Preservation funds to housing set-aside for extremely low-income residents.

Physical inspections and annual compliance reporting ensure that the housing is well maintained, serves the intended resident population, and remains financially viable.

2023 Summary

In 2023, this program awarded \$3.5 million in 2016 Levy funds to one housing development project that will provide 113 affordable apartments. In addition, two projects totaling 209 affordable apartments were awarded through the 2023 Notice of Funds Available (NOFA) and have been identified to receive funding from the 2023 Seattle Housing Levy.

The Rental Production and Preservation Program has exceeded its 7-year goals by 35% in the seventh and final year of the 2016 Housing Levy program period.

Housing Levy Impact Rental Production & Preservation

2023 Outcome: 113 new homes produced

Progress Toward 7-year Goal: Goal exceeded.

Project Name <i>Project Sponsor</i> Location	Project Description	Affordability (Units)			City Capital Funding		
		<30% AMI	<50% AMI	<60% AMI	Total City \$M	Levy \$M	Other \$M
New Production and Acquisition							
Juniper Apartments <i>Seattle Housing Authority</i> Yesler Terrace	Construction of one, two, three, and four bedroom apartments serving families and individuals with income up to 30% and 60% AMI.	39		74	\$3.5	\$3.5	
125th & Aurora Senior Housing⁵ <i>LIHI</i> Bitter Lake	Construction of studio and one bedroom apartments serving seniors 62+ making up to 30% and 50% AMI.	68	21		\$9	*\$3.5	\$5.5
DESC Lake City⁵ <i>DESC</i> Lake City	Construction of permanent supportive housing (studio apartments) serving individuals who are experiencing chronic homelessness with incomes up to 30% AMI. Robust on-site supportive services provided.	60	60		12.8	*\$12.8	
TOTAL, New Production, 2016 Levy		39		74	\$3.5	\$3.5	
TOTAL, New Production		167	81	74	\$25.3	\$19.8	\$5.5

⁵ 125th & Aurora Senior Housing and DESC Lake City were identified for funding from the 2023 Levy. These projects will appear again in the 2024 report to be credited to the 2023 Housing Levy and their fund assignments and precise allocations may change.

Selected 2023 Income Levels AMI = Area Median Income			
	30% AMI	50% AMI	60% AMI
Single Person	\$31,620	\$52,700	\$63,510
3-person Household	\$40,680	\$67,800	\$81,360

Funding Commitment to Extremely Low-Income Households

Under the Levy ordinance, at least 60% of the sum of Rental Production and Preservation funds, combined with Operating and Maintenance funds, must support housing affordable to people with incomes at or below 30% AMI. Over half of the funding awarded through the Rental Production and Preservation program over the 7-year 2016 Levy will primarily serve extremely low-income households. Taken together with Operating and Maintenance Program funds, which are wholly dedicated to units serving extremely low-income tenants, as of the end of 2023, over 66% of total program funds have been allocated to support housing for people with incomes at or below 30% AMI.

External Leverage

From 2017 through 2023, on average each City dollar invested in Levy-funded projects has been matched by over \$2.50 from other sources of public and private capital investment. Co-investment in Levy-funded projects from other public and private sources of capital add to the purchasing power of Levy proceeds. Private equity investment through the 9% and 4% Low Income Housing Tax Credit programs is the largest external fund source, with all 2016 Levy-funded projects collectively anticipating equity investment of over \$503 million from this source. Other external sources of public capital investment include funding from King County and the Washington State Housing Trust Fund.

Operating and Maintenance Program

The Operating and Maintenance (O&M) Program provides annual subsidies for buildings that serve extremely low-income and formerly homeless residents who pay very low rents. Levy funds, along with other critical operating subsidies, help ensure the housing is well maintained and financially viable.

Funds are available only to housing that received Housing Levy capital funds. O&M funds are typically matched with other funding for building operations and resident services.

Affordable housing projects receive a 20-year operating support commitment. Funds are allocated each year to fill the gap between a building's income and expenses, up to a maximum of \$2,500 per unit in the first year, with annual adjustments thereafter for inflation.

2023 Summary

In the final year of the 7-year 2016 Housing Levy program period, the Operating and Maintenance Program has exceeded its goal of supporting 510 units, with 526 units supported across eight buildings. The estimated funding award over 20 years for these buildings is approximately \$42 million.

Also in 2023, using JumpStart Payroll Expense Tax (PET) funds, OH administered \$25M to support the first year of the Permanent Supportive Housing Operating, Maintenance, and Services Workforce Stabilization Fund (PSH OMS WSF) program that was approved to receive dedicated funding as part of the 2023 Seattle Housing Levy.

2016 Housing Levy Impact Operating & Maintenance

2023 Outcome: New preliminary long-term O&M commitments for 45 homes.
Progress Toward 7-year Goal: 103% complete

Finalized O&M Contracts

In 2023, no additional O&M contracts were finalized. However, one preliminary commitment was made totaling as much as \$4M in funding over 20 years to support as many as 45 affordable rental homes. The contract will be finalized as the building places into service. More information on this project is below.

Preliminary O&M Commitments

In advance of executing an O&M contract, OH makes preliminary commitments to projects that have been awarded Levy funds under the Rental Production and Preservation Program. Providing preliminary O&M funding commitments earlier in the development process is intended to assist project sponsors to secure other capital and operating funding. These funding commitments set the maximum number of housing units that will be supported; the final awards may be lower and will be based on the final number of eligible units affordable at or below 30% of median income, other operating subsidies secured, and projects' operating budgets.

In 2023, one Levy-funded building serving extremely low-income and homeless residents was identified for a preliminary O&M funding commitment. This preliminary commitment of up to \$4M could provide annual operating subsidies for up to 45 rental units. The figures shown below represent the number of housing units that would be supported under the preliminary commitment; however, the final award may change slightly as the project may ultimately secure other operating subsidies. Any remaining Levy resources will be allocated accordingly and in compliance with program requirements.

Project Name <i>Project Sponsor</i>	Population Served	Supported Units (maximum)	First Year Funding Estimate	Funding Award (20 years)
Preliminary Commitment (2023)				
15 th Avenue DESC	Individuals experiencing homelessness	45	\$153,964	\$4M
TOTAL		45	\$153,964	\$4M

Operating Support Using Seattle Housing Authority Vouchers

In addition to Levy O&M Program funds, some projects that receive Levy capital funding also apply for vouchers from Seattle Housing Authority (SHA). SHA committed 300 Section 8 vouchers to Levy-funded projects at the inception of the 2016 Housing Levy. These vouchers are “project-based,” meaning that they will provide ongoing operating subsidies to buildings rather than to individual tenants. Levy vouchers are generally awarded the year before the building will begin operations – one or two years following the capital funding award.

OH and SHA have assigned all 300 vouchers, which will support operations in eight buildings receiving funding through the 2016 Housing Levy. Separately, SHA allocated additional vouchers to Sawara Apartments, which was awarded Levy capital funding in 2021. Funding for Sawara Apartments fulfills Office of Housing commitments in the Yesler Terrace Cooperative Agreement with SHA.

Permanent Supportive Housing Operating, Maintenance, and Services Workforce Stabilization Fund Program

In 2023 using PET funds, OH issued contracts to provide support for workforce stabilization to 11 recipients, piloting a program that will receive dedicated funding from the 2023 Seattle Housing Levy, approved by voters in November of 2023.

PSH OMS WSF Recipients	Contracted Investment
Chief Seattle Club	\$726,000.00
Catholic Community Services and Catholic Housing Services	\$3,330,000.00
Community House Mental Health Agency	\$450,000.00
Compass Housing Alliance	\$362,087.00
DESC	\$10,507,679.00
LIHI	\$1,349,826.00
Mercy Housing Northwest	\$187,500.00
Plymouth Housing	\$6,547,000.00
Solid Ground	\$500,000.00
Transitional Resources	\$509,908.00
YWCA of Seattle, King, Snohomish	\$530,000.00
Workforce Stabilization Total	\$25,000,000

The program is primarily intended to support workers in PSH buildings, and eligible uses include a variety of operational and infrastructure needs to allow providers to shift funds around to bolster staff compensation and supports to improve hiring and retention not only in the buildings specifically identified as eligible for support, but across their portfolio of PSH buildings. More than half of program funds supported staff compensation. Further, the need for workforce and operating support in general was evidenced by the fact that two providers opted to reduce their allowed administrative rate, instead

shifting funds to workforce support, while two other providers opted to forgo administrative rates entirely.

With only one year's worth of data, it is not possible to draw definitive conclusions. However, the available data points to some clear successes and potential areas for monitoring going forward as program implementation continues in future years.

In 2023, the openings rate (the proportion of open to filled positions) at reporting organizations decreased from 23% to 11%. While still high compared to the 8% average in the US in 2023, this represents a marked improvement, especially over this period when providers were also adding budgeted positions. Turnover in this notoriously difficult and taxing field also improved, from 38% in 2022 to 31% in 2023. Again, still high, but markedly improved. Across all PSH staff at the reporting organizations, wages increased on average by \$4 an hour and among staff directly supported by the PSH OMS WSF program by more than \$4.50 an hour, representing increases of 14% and 17%, respectively. These increases solidly outpaced 3.4% inflation over the same period, as well as the average pay increase in the US of 4.6%. OH staff will continue to work with providers to improve data collection and perform monitoring with year-over-year data to better assess the impact of workforce stabilization funding and calibrate the program to better target improvements in openings rate, turnover, retention, and other desired outcomes.

Homelessness Prevention and Housing Stability Services Program

The Homelessness Prevention and Housing Stability Services Program serves families and individuals who are either at imminent risk of homelessness (Prevention) or experiencing homelessness (Rapid Rehousing). In 2022, management of the Homelessness Prevention and Housing Stability Services Program was transferred from the Seattle Human Services Department (HSD) to the King County Regional Homelessness Authority (KCRHA). However, HSD continued their involvement in the administration of funds.

The Homelessness Prevention and Housing Stability Services Program provides case management and rental assistance for eligible households at or below 50% of area median income (AMI). Program funding can be used for case management that includes landlord negotiations, connection to mainstream benefits, budgeting, direct referrals to legal eviction prevention resources, and financial assistance as needed. Financial assistance can include rental assistance, security, and utility deposits, move in costs, rent and utility arrears, and moving fees paid directly to landlords and/or organizations, not households.

The Program funds two distinct interventions:

- **Homelessness Prevention** serves households at imminent risk of homelessness to maintain their housing. Households seeking homeless prevention services access services via referrals from 2-1-1, walk in, or direct contact with the agencies.
- **Rapid Rehousing** serves households experiencing homelessness to move into stable housing after living in a car, shelter, or a place not meant for human habitation. Households access Rapid

Rehousing via the Coordinated Entry for All (CEA) System administered by KCRHA.

Program activities and performance are monitored with the region's Homelessness Management Information System (HMIS) called Clarity.

2023 Summary

In 2023, KCRHA contracted with 7 different community-based nonprofit agencies for \$1.6 million in Housing Levy funds. Each agency offers rich culturally and linguistically relevant services, targets services to historically underserved communities and communities with emerging needs and provides specialized programs for a range of household types.

In total, 510 households received case management and rental assistance, as needed, in six homelessness prevention and two rapid rehousing programs. In 2023, 369 households exited the programs, and 145 were still enrolled going into 2024.

In the final year of the 2016 Housing Levy program period, the Homelessness Prevention and Housing Stability Services Program has achieved 97% of its 7-year goals for the number of households assisted.

Homelessness Prevention

The programs offered by the following community-based nonprofit agencies assisted 415 households who were at imminent risk of homelessness. Households were enrolled an average of 95 days from initial case management appointment until both case management and rent assistance ended. Direct financial assistance averaged \$1,183 per household.

Homelessness Prevention	Contracted Levy Investment
El Centro de la Raza	\$187,494
InterimCDA	\$373,714
Muslim Housing Services	\$160,300
Neighborhood House	\$42,020
Society of Saint Vincent de Paul	\$150,000
YWCA	\$256,849
Homelessness Prevention Total	\$1,127,696

Performance measures for Homelessness Prevention include:

- **Housing stability at 6 months:** Of those households who received prevention assistance in 2023 alone, 98% retained their housing during the 6-month period after receiving that assistance.
- **Housing stability at 12 months:** Of those households who maintained their housing after receiving prevention assistance in 2022, 99% retained their housing during the 12-month period after receiving that assistance.
- **Retention of permanent housing:** 99% of households successfully maintained their housing when they exited the program.

Homelessness Prevention - Household Demographics	
Households below 30% AMI	85%
Head of Household less than 25 years of age	5%
Head of Household with Race other than White	82%
Head of Household with Race as White	12%
Head of Household with Ethnicity as Hispanic/Latino	12%
Race Data Unknown, Refused, Not Collected	6%
Households with minor children	37%
Number of household members that are minor children	249

Rapid Rehousing

Two agencies assisted 95 households to move into stable housing from homelessness – living in a car, shelter or a place not meant for human habitation. Households were enrolled an average of 413 days from the initial case management appointment until rent assistance and case management ended. Direct financial assistance averaged \$1,894 of Housing Levy funds per household.

Rapid Rehousing	Contracted Levy Investment
Catholic Community Services	\$267,074
YWCA	\$239,629
Rapid Rehousing Total	\$506,703

Performance measures for Rapid Rehousing include:

- **Exits to Permanent Housing:** 84% of households successfully achieved permanent housing upon exiting the program.
- **Housing stability at 6 months after exit:** Of those households who exited to permanent housing in 2023, 95% retained their housing during the 6-month period after their program exit.
- **Housing stability at 12 months:** Of those households who exited to permanent housing in 2022, 93% retained their housing during the 12-month period after their program exit.

Rapid Rehousing - Household Demographics	
Households below 30% AMI	90%
Head of Household less than 25 years of age	11%
Head of Household with Race other than White	84%
Head of Household with Race as White	16%
Head of Household with Ethnicity as Hispanic/Latino	14%
Race Data Unknown, Refused, Not Collected	0%
Households with minor children	90%
Number of household members that are minor children	206

Homeownership Program

The Homeownership Program creates and sustains homeownership opportunities for low-income Seattle residents. Additional funds often become available each year from repayments of purchase assistance loans. Funds support four program areas, the latter two of which were newly introduced under the 2016 Levy.

- **Development:** Acquire or construct homes that are sold to first-time homebuyers with income up to 80% AMI. Homes are resale-restricted so that they are available and affordable for eligible buyers for a minimum of 50 years.
- **Purchase Assistance (also called Down Payment Assistance):** Assist first-time homebuyers with income up to 80% AMI to purchase a home anywhere in Seattle. Buyers access Levy funding through participating nonprofit housing agencies and mortgage lenders. Upon resale or refinancing, loans are repaid to the Program to assist additional homebuyers.
- **Home Repair:** Make grants to homeowners with income up to 50% AMI who need to make critical home repairs and are unable to access a home repair loan. Repairs improve living conditions, help owners access weatherization grants, and help preserve the home.
- **Foreclosure Prevention:** Assist homeowners with income up to 80% AMI to pay housing-related costs that are necessary to avert foreclosure and remain in their homes and communities.

2023 Summary

The Homeownership Program awarded \$355,000 in Levy funds for purchase assistance loans, and over \$110,00 in home repair grants. Demographic and income information for all assisted homeowners is reported in the **2023 Office of Housing Investments Report**. Program milestones for 2023 included:

- Five new homebuyers purchased a home through the resale of permanently affordable homes previously funded by the Homeownership Program.
- Fourteen low-income homeowners received grants for urgent home repairs.
- Two current homeowners were able to avoid foreclosure and stay in their homes.
- Seven new homebuyers purchased a home using purchase assistance loans.

2016 Housing Levy Impact Homeownership

2023 Outcome: 26 low-income homeowners and first-time homebuyers assisted

Progress Toward 7-year Goal: Goal exceeded.

The Homeownership Program has exceeded its 7-year goals by 35% in the final year of the 2016 Housing Levy program period. Next year, with the new 2023 Housing Levy, the Office of Housing will continue to support low-income homeowners and first-time homebuyers with expanded funding through the Homeownership Program.

Permanently Affordable Homeownership Resales

Over the last 20+ years, the Office of Housing has invested in the creation of homes for ownership that are permanently affordable, or resale-restricted. First-time homebuyers with incomes at or below 80% AMI purchase these homes at affordable prices, and in exchange limit the price at which they can sell that home to another income-eligible homebuyer in the future. Five such resales occurred in 2023, serving income-eligible homebuyers without additional City subsidy. This is the power of permanent affordability: prior-year funding can continue to serve income-eligible homebuyers upon resale and will do so well into the future.

Purchase Assistance Loans

Also known as Down Payment Assistance (DPA), these purchase loans are often layered with other, non-City sources of subsidy so low-income, first-time homebuyers can afford to purchase homes off the open market. In 2023, seven down payment assistance loans were closed using Levy funds, supporting new homebuyers in the purchase of their first homes.

Home Repair Grants

In 2023, OH awarded 14 grants totaling \$110,846 to low-income homeowners. These grants funded small, urgent home repairs. The average grant was \$7,918; typical repairs addressed problems with windows, doors, roofs, electrical, plumbing, siding, exterior painting, and flooring. All homeowners served had extremely low or very low incomes (at or below 50% of area median income) and over half of the households assisted had a member who was aged 60 or above.

The Levy-funded Home Repair Grant program, introduced for the first time under the 2016 Levy, allows OH staff to serve low-income homeowners who may otherwise be displaced or endure unsafe living conditions, due to the rising costs of necessary home repairs.

Foreclosure Prevention

In the spring of 2018, OH executed a contract for \$484,000 with local nonprofit HomeSight to administer a Levy-funded foreclosure prevention program. To date, HomeSight has made a total of 15 loans, including two that originated in 2023, that allowed homeowners to maintain ownership of their homes and prevent their displacement from the neighborhoods they call home.

The Office of Housing continues to work in collaboration with HomeSight and other local housing counselors to evaluate how to respond to and best meet the need of low-income homeowners facing foreclosure.

Acquisition and Preservation Program

The Acquisition and Preservation (A&P) Program provides short-term financing for strategic acquisition of sites or buildings for low-income rental or ownership housing development or preservation. Loan terms of up to five years allow for strategic planning for use of the site, community engagement, formation of development partnerships, and securing funding for housing and other building uses.

The Office of Housing is authorized to issue up to \$30 million in A&P Program loans outstanding at any time, although the Director may authorize exceptions exceeding the cap when new resources become available and doing so is consistent with citywide funding needs and priorities. Because they are to be repaid within a 5-year period, A&P loans are funded from Levy proceeds dedicated to the Housing Levy O&M program, which are not yet needed for planned projects. Housing outcomes for the A&P program are tracked, but the program does not have a housing production goal.

Project sponsors must demonstrate that acquisition financing is necessary for the project to proceed. Loans can be made for land or buildings, including occupied buildings where low-income residents are at risk of displacement. A minimum 20-year affordability period is required. The loans are repaid when permanent project financing is secured. If long-term City financing is invested in the property, the affordability requirement is extended to 50 years.

2023 Summary

During the 2016 Levy period, OH has made 15 loans under the A&P Program totaling approximately \$95.7 million, \$36.8 million of which has been repaid to date. Three new loans closed in 2023.

2016 Housing Levy Impact Acquisition & Preservation

2023 Outcome: 3 projects with new short-term funding in 2023.

Progress Toward 7-year Goal: No 7-year goal associated with this program.

Project Name <i>Project Sponsor</i>	Description	Affordable Housing Units	Loan Amount (\$M)	Status
Acquisition & Preservation Loans Closed in 2023				
Beacon Crossing	Acquisition of a site for future development of affordable apartments serving individuals and families earning a range of income up to 50% and 60% AMI	165	\$9.7	Closed

Beacon Hill Affordable TOD	Acquisition of 3 single family residences for future development of affordable apartments serving 30%, 50%, and 60% AMI	72	\$5.7	Closed
Urban League Empowerment Center	Acquisition of three adjoining sites for future development of affordable apartments serving individuals and families earning up to 60% AMI.	291	\$2.6	Closed
TOTAL		528	\$18 M	

Levy Funding Policies and Administration

Administrative and Financial Plan

Housing Levy programs are guided by policies in the Levy Administrative and Financial Plan adopted by the City Council every two years. The Administrative & Financial (A&F) Plan is prepared by the Office of Housing, with the participation of the Human Services Department and the Housing Levy Oversight Committee. Community members and stakeholders for each of the Levy programs can also participate in the biennial policy review.

Allocation of Levy Funds

All Levy programs award funds through a competitive application process. The Rental Production and Preservation Program and Operating and Maintenance Program funds are awarded via Notices of Fund Availability. Homeownership funds are also awarded to housing development projects and mortgage lending programs through a competitive NOFA process.

When a publicly owned site is available for affordable housing development, Rental and Homeownership funds may be awarded through a site-specific Request for Proposal. The Office of Housing uses the competitive RFP process both to select a developer and award OH development financing. The RFP may be conducted jointly with another public agency, such as King County or Sound Transit, if that agency is making the property available.

For the Acquisition and Preservation Program, applicants submit project proposals on a rolling basis rather than a set deadline, enabling project sponsors to take advantage of market opportunities. As these short-term loans are repaid, the funds are available for Levy O&M contract commitments.

Homelessness Prevention and Housing Stability Services Program funds are administered by the Seattle Human Services Department and in 2022 and 2023 were managed by KCRHA. Contracted agencies assist households who are homeless or at risk of homelessness by providing housing stability services and making rent payments directly to the housing owner.

Housing Levy Oversight Committee

The Mayor and City Council appoint a Housing Levy Oversight Committee to monitor the progress of Levy programs. The Oversight Committee reports to the Mayor and Council and the public regarding program accomplishments and makes recommendations for policy changes in the Administrative and Financial Plan. The Oversight Committee typically meets quarterly and is staffed by OH.

More Information

For more information, contact the City of Seattle Office of Housing or visit seattle.gov/housing.

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2023 Multifamily Tax Exemption (MFTE) Annual Report Summary

The City of Seattle's MFTE program provides property tax exemptions to owners of multifamily rental properties where a share (20% or 25%) of the apartments have housing costs limited for income-qualified tenant households. MFTE also exempts income-eligible buyers of affordable multifamily homes from property taxes.

MFTE participation (1998-2023)

- **Rental properties:** 352 properties with approved applications.
 - **Active:** 286 properties (including 8 with extensions), providing 6,636 MFTE apartments.
 - **Pipeline:** 49 properties, expected to include 1,945 MFTE apartments.
 - **Expired or opted out:** 17 properties that previously included 411 MFTE apartments.
- **Ownership homes:** 217 homes with approved applications.
 - **Active or sold:** 54 homes sold to income-eligible buyers.
 - **Pipeline:** 68 homes under construction.
 - **Expired or opted put:** 95 homes.
- **Current MFTE program only (Program 6):**
 - **Active:** 19 rental properties, totaling 582 MFTE apartments, and 33 homes for income-eligible buyers.
 - **Pipeline:** 32 rental properties, totaling 1,092 MFTE apartments.
 - **Extensions:** 8 rental properties, totaling 333 MFTE apartments.

Affordability and income limits

- Income limits for MFTE units vary depending on the MFTE program number and unit size or configuration. For Program 6:
 - **Rental units:** For newly constructed multifamily housing, limits range from 40% of AMI for smaller units to 90% of AMI for larger units. For properties granted a second 12-year exemption, limits range from 30% of AMI to 80% of AMI.
 - **Owner-occupied units:** 80% of AMI for homes with resale restrictions.
- Legislative changes have been implemented to adjust AMI limits and extend tax exemptions for eligible properties.

Issues for consideration

- **Tax impacts:** New construction value of MFTE properties is not added to Seattle's tax base, which reduces Seattle's tax base and property tax revenue. In addition, MFTE shifts the tax burden of exempt properties to non-exempt taxpayers, including homeowners.
- **Public benefit:** To ensure MFTE delivers expected public benefits, ongoing enforcement of affordability and reporting requirements is crucial.
- **Legislative changes:** Legislative changes at the state level (e.g., SB 5287) affect what can and cannot be achieved with MFTE. This includes authorization of extended exemptions.



Seattle
Office of Housing

2023 Multifamily Tax Exemption Annual Report

June 2024

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Executive Summary

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 - Owner-occupied units: 80% of AMI for homes with resale restrictions.
- Legislative changes have been implemented to adjust AMI limits and extend tax exemptions for eligible properties.

Tax impacts

Property tax revenue is reduced because not all new construction value of MFTE properties is added to Seattle's tax base. In addition, MFTE shifts the tax burden of exempt properties to non-exempt taxpayers, including homeowners.

Legislative changes

Legislative changes at the state level (e.g., SB 5287) affect what can and cannot be achieved with MFTE. This includes authorization of extended exemptions.

Definitions for Terms Used in this Report

Approved application: As of December 31, 2023, the Office of Housing approved the initial MFTE application for the property. Properties with an approved application may have an MFTE status of pipeline, active, expired, or opted out, each defined below. Approval of initial applications is strictly conditional. Satisfaction of requirements for issuance of a Final Certificate of Tax Exemption is determined after construction completion.

Area median income or AMI: A measure used to establish eligibility for income-restricted homes. Income and housing cost limits are typically expressed as percentages of AMI and vary depending on regulatory requirements. The geography for calculating AMI is usually the U.S. Department of Housing and Urban Development's fair market rent area, which for the city of Seattle is King and Snohomish counties."

Final Certificates of Tax Exemption: Properties for which, as of December 31, 2023, the Office of Housing issued a Final Certificate of Tax Exemption. Properties with an issued Final Certificate of Tax Exemption may have an MFTE property status of active, expired, or opted out. Pipeline properties, although they have approved applications, have yet to demonstrate eligibility for issuance of Final Certificates of Tax Exemption.

Multifamily housing: The residential uses in one or more residential or mixed-use structures, each of which includes at least four net new dwelling units, SEDUs, or congregate residence sleeping rooms for permanent residential occupancy use. The property tax exemption accrues to the owner of eligible renter-occupied multifamily housing or to eligible buyers of homes in owner-occupied multifamily developments.

MFTE unit: A unit with maximum rent or sales price and income limits for residents. MFTE units are provided as a condition of the multifamily tax exemption.

MFTE property status:

Expired: As of December 31, 2023, the maximum 10- or 12-year term, as applicable, of the tax exemption ended and affordability/income requirements for MFTE units no longer apply.

Extended: Properties for which MFTE expired on December 31st of 2021, 2022, or 2023, and the owners opted to extend their MFTE for an additional 12 years in exchange for agreeing to transition to current program requirements.

Active: As of December 31, 2023, the Office of Housing issued a Final Certificate of Tax Exemption for the property and affordability/income restricted MFTE units are available for lease or sale according to terms of a recorded agreement with the City.

Opted out: As of December 31, 2023, the owner of a property with an issued Final Certificate of Tax Exemption chose to relinquish the tax exemption prior to its expiration date and affordability/income requirements for MFTE units no longer apply.

Pipeline: As of December 31, 2023, the Office of Housing conditionally approved an initial MFTE application for the property. Pipeline properties have not yet been issued a Final Certificate of Tax Exemption and MFTE unit counts are estimates until construction completion.

MFTE property type:

Low-income housing: MFTE properties that are City-funded and/or Low-Income Housing Tax Credit/bond-financed.

Market-rate: MFTE properties for which MFTE is the only public subsidy.

Reporting Period

The outcomes reported for purposes of the 2023 MFTE Annual Report reflect conditional application approval and exemption status as of December 31, 2023.

Section 1: Introduction

The City of Seattle’s Multifamily Tax Exemption (MFTE) program provides a property tax exemption to owners of multifamily rental properties and buyers of homes in multifamily developments. For rental properties, property owners are exempt from property taxes on residential improvements in exchange for limiting housing costs for income-qualified households on at least 20% of the units. For condominiums or other for-sale multifamily developments, the tax exemption accrues to the eligible buyer of each income- and price-restricted home. The property tax exemption, which is for up to 12 years unless extended as authorized by [SB 5287](#), is for residential and related improvements in multifamily structures (not including land or non-residential uses).

MFTE Programs

The City’s current MFTE program is codified in SMC Chapter 5.73. The Seattle City Council adopted MFTE in 1998 and reauthorized the program five times since then. Those iterations of MFTE are commonly referred to as Programs 1 through 6, and amendments between reauthorizations are indicated with a numerical suffix (current rules are P6.5, for example).

Table 1.1: MFTE Legislative History ¹

Program 1 (P1) ²	Program 2 (P2)	Program 3 (P3)	Program 4 (P4)	Program 5 (P5)	Program 6 (P6)
Ordinance 119237 1/1/1999 (P1.1)	Ordinance 121415 4/18/2004 (P2.1)	Ordinance 122730 8/6/2008 (P3.1)	Ordinance 123550 4/8/2011 (P4.1)	Ordinance 124877 11/1/2015 (P5.1)	Ordinance 125932 10/24/2019 (P6.1)

¹ Table continues next page.

² MFTE Program 1 is codified in SMC Chapter 5.72. MFTE Programs 2 through 6 are codified in SMC Chapter 5.73.

Program 1 (P1) ²	Program 2 (P2)	Program 3 (P3)	Program 4 (P4)	Program 5 (P5)	Program 6 (P6)
Up to 10-year MFTE MFTE Unit Set-Aside varies depending on Residential Target Area	Up to 10-year MFTE MFTE Unit Set-Aside varies depending on AMI limit	Up to 12-year MFTE MFTE Unit Set-Aside = 20% of total units	Up to 12-year MFTE MFTE Unit Set-Aside = 20% of total units	Up to 12-year MFTE MFTE Unit Set-Aside = 20% or 25% of total units depending on number of 2+ BR units	Up to 12-year MFTE MFTE Unit Set-Aside = 20% or 25% of total units depending on number of 2+ BR units
MFTE Unit AMI limits 40% @ 60% AMI in Pike-Pine urban center village 25% @ 80% AMI in other Residential Target Areas	MFTE Unit AMI limits Rental 20% @ 60% AMI, or 25% @ 65% AMI, or 30% @ 70% AMI Owner ≤ 80% AMI	MFTE Unit AMI limits Rental 80% AMI or 90% AMI, depending on number of bedrooms Owner ≤ 100% AMI or 120% AMI, depending on number of bedrooms	MFTE Unit AMI limits Rental 65% AMI, 75% AMI, or 85% AMI, depending on number of bedrooms Owner ≤ 100% AMI or 120% AMI, depending on number of bedrooms	MFTE Unit AMI limits Rental 40% AMI, 65% AMI, 75% AMI, 85% AMI, or 90% AMI, depending on unit type Owner ≤ 100% AMI or 120% AMI, depending on number of bedrooms	MFTE Unit AMI limits Rental 40% AMI, 60% AMI, 70% AMI, 85% AMI, or 90% AMI, depending on unit size Owner ≤ 100% AMI or 120% AMI, depending on unit size
Amendments Ordinance 119371 2/16/1999 P1.2 Ordinance 120135 10/30/2000 P1.3	Amendments Ordinance 121700 12/17/2004 P2.2 Ordinance 121915 9/22/2005 P2.3		Amendments Ordinance 123727 10/12/2011 P4.2 Ordinance 124724 2/27/2015 P4.32F ³		Amendments Ordinance 126392 7/27/2021 P6.2 Ordinance 126443 9/27/2021 P6.3 Ordinance 126392

³ Ordinance 124724 amended MFTE Program 4 to require a higher-set-aside, 25%, of projects' small efficiency dwelling units ("SEDUs") compared to other types of units and lowered the affordability/income limit for SEDUs to 40% AMI. This iteration of Program 4 is commonly referred to as P4.3.

Program 1 (P1) ²	Program 2 (P2)	Program 3 (P3)	Program 4 (P4)	Program 5 (P5)	Program 6 (P6)
					3/28/2023 P6.4 Ordinance 127016 5/6/2024 P6.5 ⁴

The Seattle Office of Housing administers the MFTE Program. SMC Chapter 5.73 outlines the minimum requirements for MFTE program applications, recorded agreements, and issuance of Final Certificates of Tax Exemption. Multifamily housing property owners must apply for a Final Certificate of Tax Exemption within 30 days of issuance of a temporary certificate of occupancy, or a permanent certificate of occupancy if no temporary certificate is issued.⁵ Final Certificates approved by the Office of Housing are filed with the King County Assessor. The housing compliance period starts immediately upon issuance of a Final Certificate of Tax Exemption. The tax exemption begins on January 1 of the calendar year following the date of the Final Certificate.

The most recent legislation amending MFTE – Ordinance 127016 (May 2024) – authorizes MFTE extensions for properties for which tax exemptions expire on 12/31/2024. The Seattle Office of Housing is overseeing an in-depth evaluation of the MFTE program to inform recommendations for reauthorization legislation in late 2024.

Section 2: MFTE Property Activity

Participation in the MFTE program has grown steadily since its adoption by the City of Seattle in 1998. Of the 352 rental properties with approved applications as of December 31, 2023, 286 are active (including eight with MFTE extensions), meaning the tax exemption is in effect, 49 are in permitting or under construction, and the exemption ended for 17. Of the 217 ownership homes with approved applications, 54 were sold or offered for sale to income-eligible buyers, 68 are in permitting or under construction, and the exemption ended for 95.

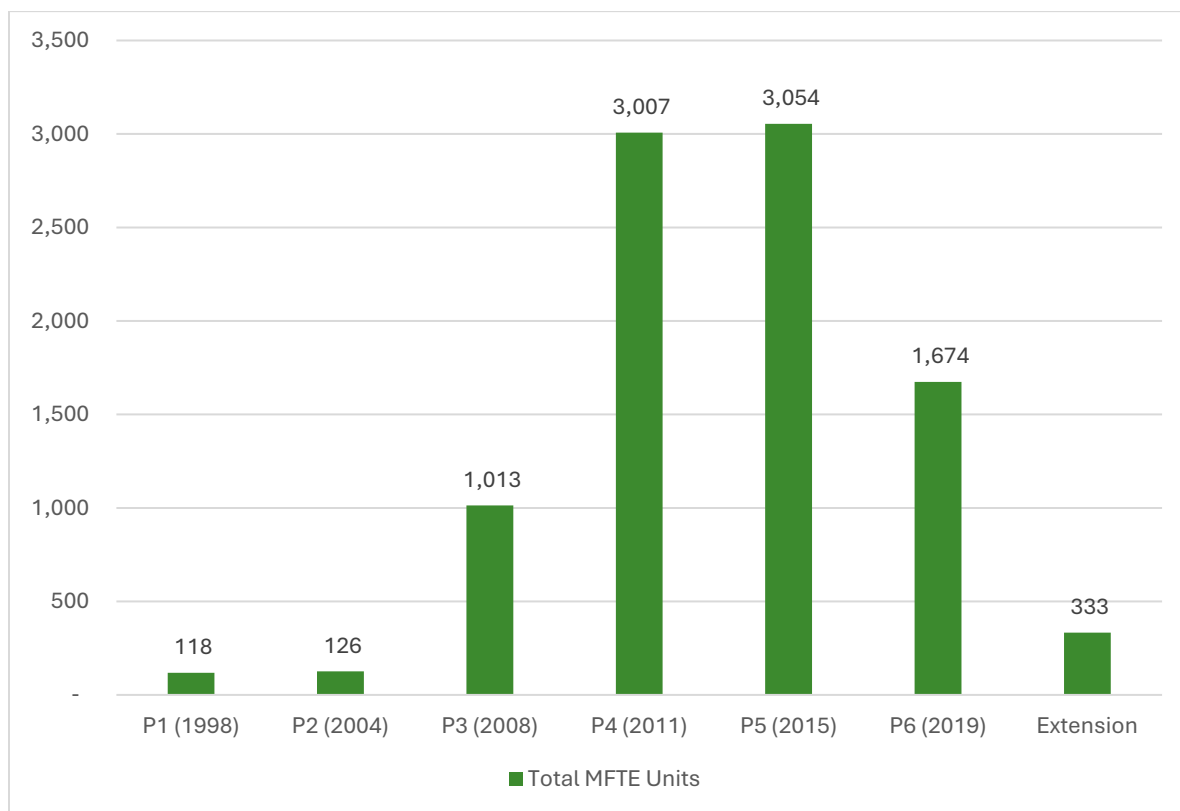
⁴ Ordinances 126443, 126792, and 127016 authorize 12-year extensions for properties with MFTE expiring at the end of years 2021 through 2024. In addition, Ordinance 126792 extends the sunset date for the MFTE Program to 12/31/2024. See *Table 5.1: Current Rent Limits by Unit Type* for AMI limits for properties qualifying for MFTE extensions.

⁵ If no certificate of occupancy is required, the application for a Final Certificate of Tax Exemption is due within 30 days of the final building permit inspection.

Table 2.1: Approved Applications, by MFTE Status⁶

	Renter-occupied			Owner-occupied
MFTE Status	Total Properties	Total Units	MFTE Units	MFTE Units
Active	278	30,559	6,303	54
Active (extended)	8	1,648	333	0
Pipeline	49	9,412	1,945	68
Expired or Opted out	17	1,749	411	95
Total Units	352	43,368	8,992	217

Figure 2.A: Approved Applications, by MFTE Program (MFTE Rental Units)



⁶ Unless expressly stated otherwise, MFTE activity for rental properties in this 2023 Annual Report is exclusive to for-profit owned, market-rate housing. It does not include 19 low-income rental housing properties that currently have MFTE, or others that may have had MFTE previously. All ownership developments using MFTE to date are reflected in the report. Every MFTE unit for owner occupancy is non-profit organization-sponsored and City-funded. For *Table 2.1, Approved Applications, by MFTE Status* does not include eight properties with tax exemptions extended for an additional 12 years. For those properties, P3 agreements were replaced with new agreements consistent with extension requirements. Those properties are included in the *In Service (Extended)* row.

MFTE Program 6 became effective in October 2019. Program 6 has a much later MFTE application deadline compared to prior MFTE programs. Whereas an initial application previously was due prior to issuance of the first building permit for a project, Program 6 applications can be received any time up to six months prior to issuance of a temporary certificate of occupancy. The additional time allows property owners to continue weighing the financial benefit of pursuing MFTE while construction is underway.

As of December 31, 2023, Program 6 final certificates of tax exemption have been issued for 19 rental properties with 582 MFTE units. Another 32 properties with 1,092 rental units are in the Program 6 pipeline. In addition, the Office of Housing approved MFTE extensions for eight rental properties built between 2009 and 2011. Those eight properties include 333 MFTE units.

Table 2.2: Approved Applications, by MFTE Program and Status (Rental Units)

MFTE Program and MFTE Status	Total Units	MFTE Units
P1 Total	454	118
Expired	291	77
Opted Out	163	41
P2 Total	475	126
Expired	475	126
P3 Total ⁷	5,006	1,013
Active	2,649	536
Expired (not extended)	709	144
<i>Expired (extended)</i>	<i>1,648</i>	<i>333</i>
P4 Total	14,714	3,007
Active	14,632	2,990
Pipeline	78	16
Opted Out	4	1
P5 Total	14,797	3,054
Active	10,591	2,195
Pipeline	4,177	853
Opted out	29	6
P6 Total	9,570	2,007
Active	2,687	582
<i>Active (extended)</i>	<i>1,648</i>	<i>333</i>
Pipeline	5,235	1,092
Grand Total	45,016	9,325

⁷ In Table 2.2, P3 expirations are broken into two categories: *Expired (not extended)* and *Expired (extended)*. The latter category shows the units in eight properties with tax exemptions extended for an additional 12 years. Upon expiration of the initial 12-year tax exemption for those properties, the original P3 agreements were replaced with new agreements consistent with extension requirements. The units in those properties also appear in the *In Service (Extended)* row under *P6 Total* but are not double counted in the Grand Total.

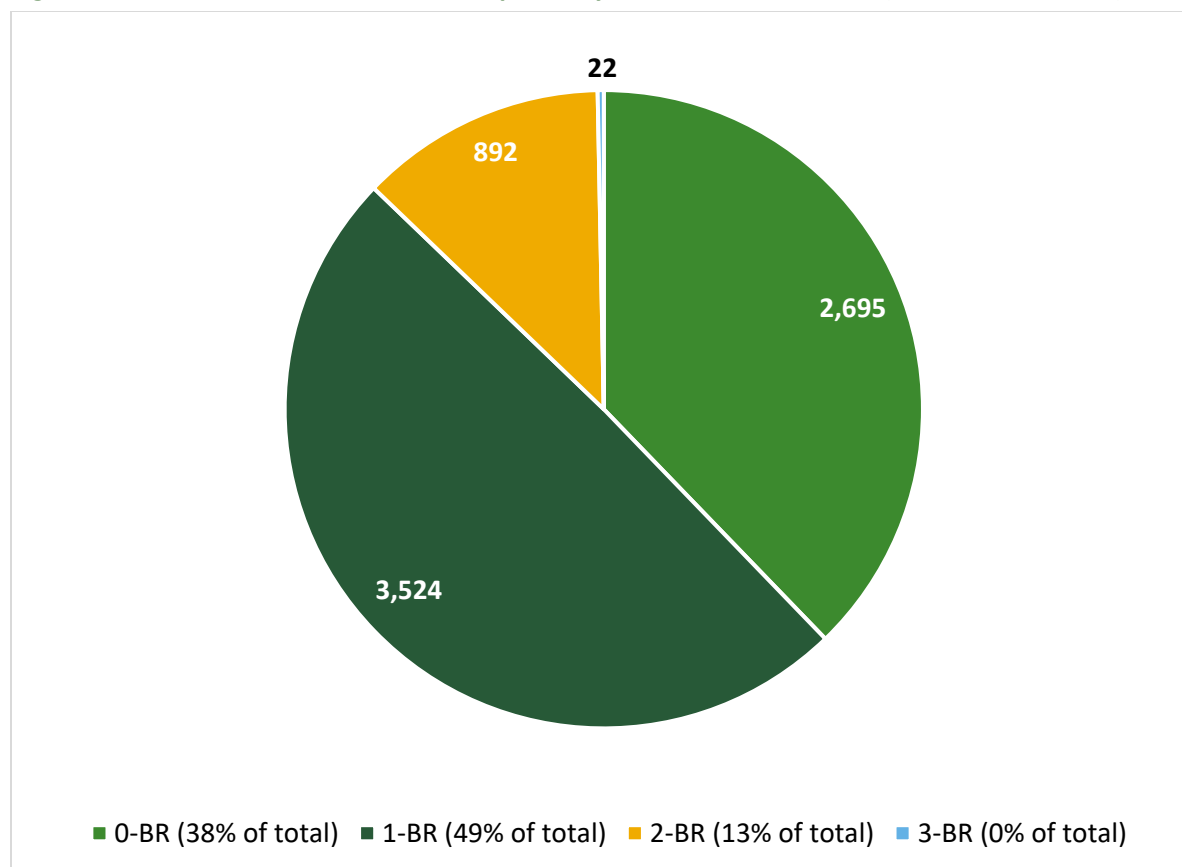
Table 2.3: Approved Applications, by MFTE Program and Status (Ownership Units)

MFTE Program and MFTE Status		MFTE homes for low-income buyers
P1	Expired	24
P2		0
P3	Active	17
	Opted Out	31
	Expired	40
P4	Active	4
P5	Pipeline	68
P6	Active	33
Grand Total		217

The percentage set-aside and affordability/income limits of MFTE units vary by MFTE program according to SMC Chapter 5.73 at the time of initial MFTE application. The limit applicable to each MFTE unit is determined by unit type (e.g., SEDU, 0-BR, 1-BR, etc.), as verified by the Office of Housing prior to issuance of a certificate of occupancy.

A lower set-aside percentage may apply if the property includes a minimum number of units with two or more bedrooms. For Program 6, the 20% set-aside (versus 25%) is conditioned on at least 8% of total residential units having two or more bedrooms. To date, in properties for which the Office of Housing issued a Final Certificate of Tax Exemption, just under 13% of total MFTE rental units have two or more bedrooms. Publicly funded low-income housing with MFTE provides far higher shares of units sized for families with children compared to properties that are otherwise market-rate: one-third of total rental units and eight in ten of owner-occupied homes have two or more bedrooms.

Figure 2.B: Final Certificates of Tax Exemption, by Number of Bedrooms (MFTE Rental Units)⁸



The following are the affordability limits for Program 6, the current MFTE program:

- Congregate residence sleeping room 40% AMI
- SEDU⁹ (if in building with larger unit types) 40% AMI
- SEDU (if in building with 100% SEDUs) 50% AMI
- 0-Bedroom 60% AMI
- 1-Bedroom 70% AMI
- 2-Bedroom 85% AMI
- 3 or more Bedrooms 90% AMI

For owner-occupied developments, if OH received a P6 MFTE application prior to the effective date of [Ordinance 126443](#) (October 2021), income and affordability limits are 100% AMI for 0-bedroom and 1-bedroom units and 120% AMI for units with a larger number of bedrooms. The 100% AMI and 120% AMI ownership limits are the same as for P3, P4, and P5 MFTE properties. For P6 MFTE applications received after the effective date of [Ordinance 126443](#), the maximum AMI for family-size units (two or more bedrooms) is either 115% AMI for standard 12-year exemptions or 80% AMI for 20-year exemptions

⁸ 0-Bedroom units includes all units without a separate sleeping area. These can be sleeping rooms in congregate residences, SEDUs, or standard studio units.

⁹ SEDU means a unit permitted by SDCI as a small efficiency dwelling unit.

conditioned on permanently affordable ownership. Those reduced AMI limits are consistent with the State’s authorizing statute for MFTE, as amended by [SB 5287](#).

Per SMC Chapter 5.73, replacement housing units must be provided in addition to MFTE units in certain circumstances. The number of replacement units is equivalent to the number of tenants receiving or eligible to receive a tenant relocation assistance payment under Chapter 22.210. Tenant households with annual incomes no higher than 50% AMI who resided in a four-plus unit structure to be demolished on the lot of the MFTE development at any time during the 18 months prior to application for the land use permit (or building permit if a land use permit is not required) are eligible for relocation assistance. Replacement rental units must be leased at affordable rents to households with incomes at or below 50% AMI for the duration of the multifamily property tax exemption. To date, 55 replacement units have been included in ten MFTE properties.

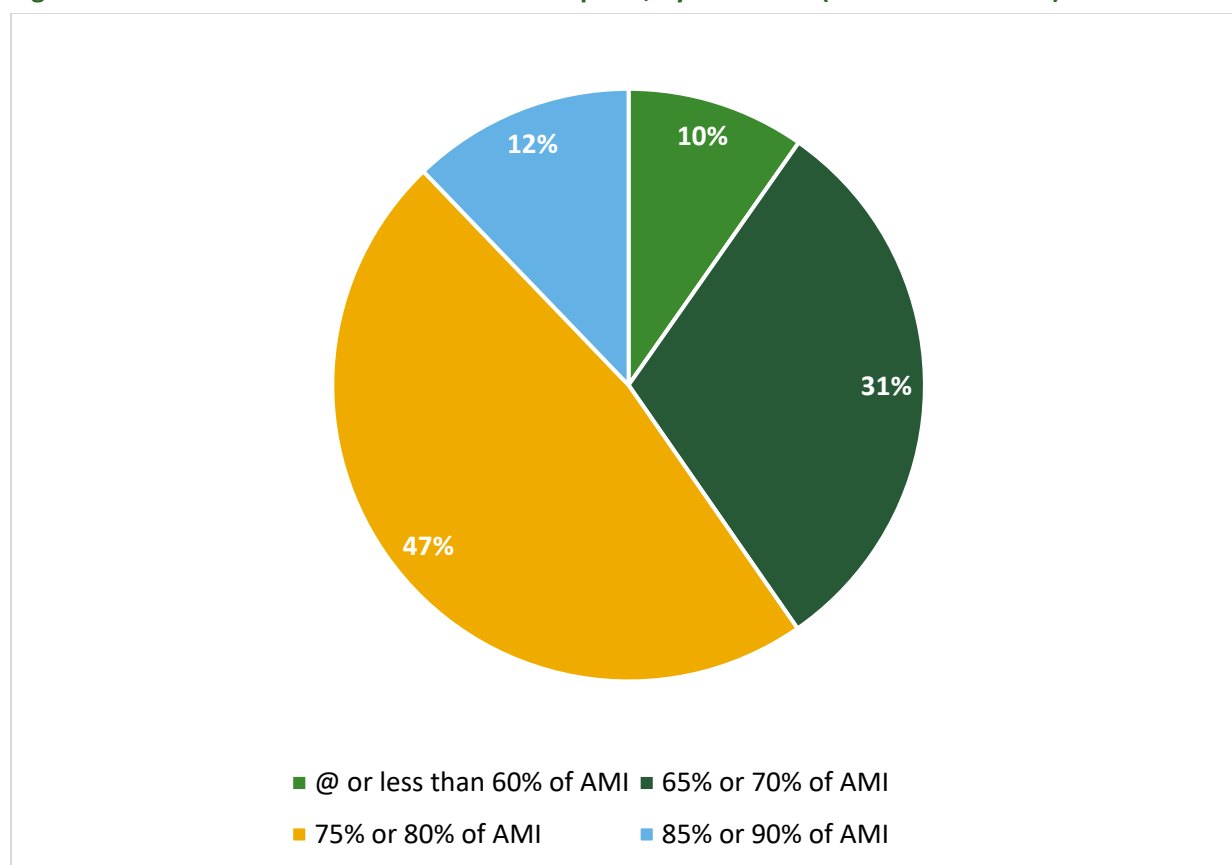
Table 2.4: Approved Applications, by MFTE Status and AMI Limit (MFTE Rental Units)

MFTE Status	40% AMI	50% AMI	60% AMI	65% AMI	70% AMI	75% AMI	80% AMI	85% AMI	90% AMI
Pipeline	178	50	298	208	413	479		290	29
Active	173	10	182	1,829	202	2,641	458	709	99
Active (extended)		94	187			52			
Expired			35	2	91	14	207		14
Expired (extended)							281		52
Opted out							41	7	
Total	351	154	702	2,039	706	3,186	987	1,006	194

Size of and AMI limits for pipeline units are confirmed when construction approaches completion. Affordability of MFTE units has been shifting to serve lower income households as MFTE Program 6 pipeline properties are completed. [Figure 2.C](#) shows the share of MFTE units restricted by AMI level. Roughly 60% of MFTE units are restricted at levels affordable to households with incomes 75% AMI to 90% AMI. Just under 10% of MFTE units are restricted at levels affordable to households with incomes 60% AMI or less.¹⁰

¹⁰ Current income limits are available on the [Seattle Office of Housing](#) website. For purposes of calculating MFTE P6 rent and income limits, SMC Chapter 5.73 requires an adjustment to median income so that AMI limits do not decrease from the prior year nor increase more than 4.5% from the prior year. P6 rent limits at 75% to 90% of AMI are about \$69K to \$83K for an individual and \$89K to \$107K for a 3-person household. For properties with P3, P4, or P5 agreements, income limits at 75% to 90% of AMI are about \$79K to \$95K for an individual and \$95K to \$122K for a family of three. P6 income limits at 60% of AMI are roughly \$55K for an individual and \$71K for a 3-person household. For properties with P3, P4, or P5 agreements, income limits at 60% of AMI are about \$63K for an individual and \$81K for a family of three.

Figure 2.C: Active Final Certificates of Tax Exemption, by AMI Limit (MFTE Rental Units)¹¹



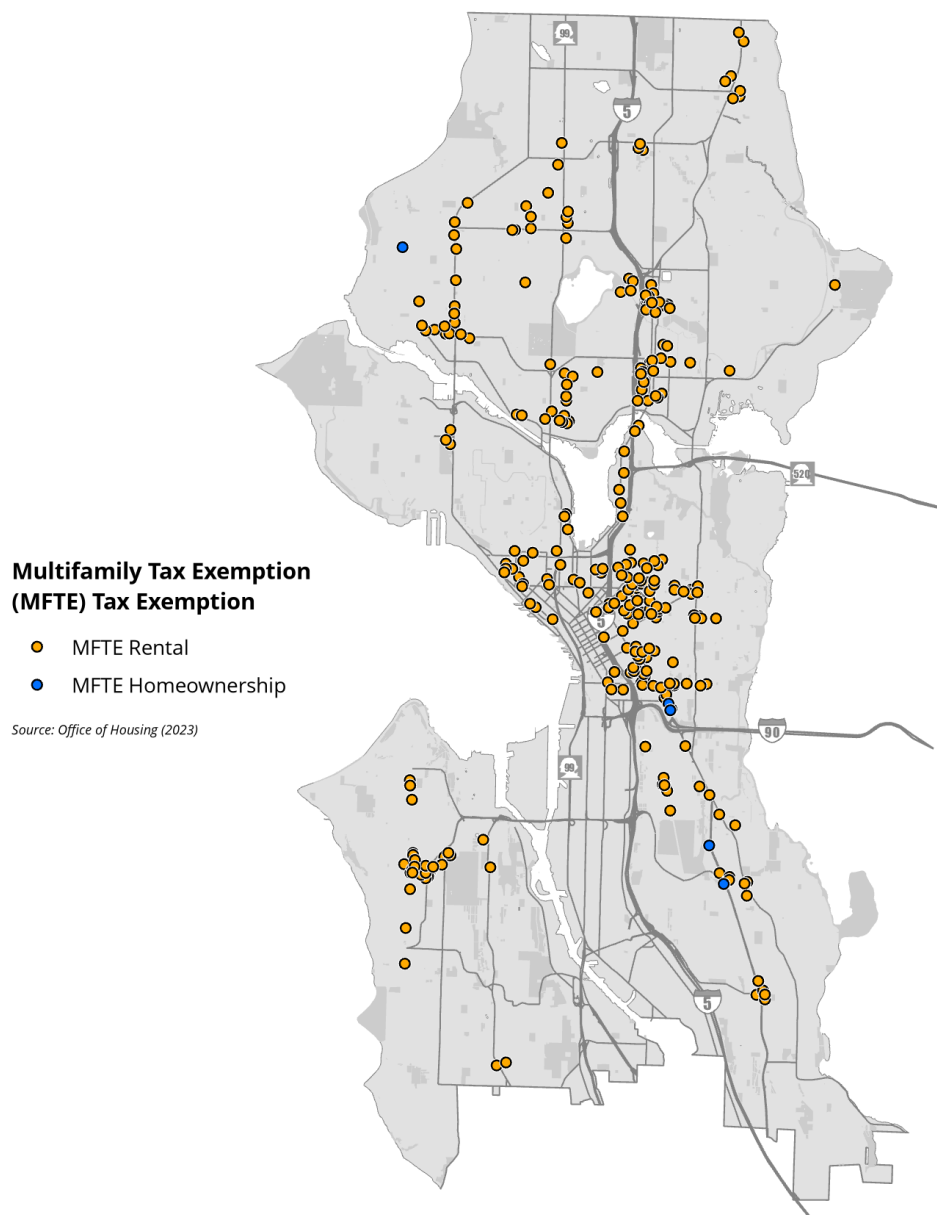
Section 3: Location of MFTE Properties

To be eligible for a property tax exemption under SMC Chapter 5.73, the multifamily housing must be in a residential targeted area designated by City Council, consistent with Washington state statute requirements. For purposes of SMC Chapter 5.73, the Residential Targeted Area is comprised of all parcels in Seattle zoned to allow multifamily residential uses according to Title 23.

The following map shows the location of MFTE properties as of 12/31/2023.

¹¹ Figure 2.C shows AMI limits for properties with active property tax exemptions, except for those for which the exemption was extended (i.e., Active plus Active-Extended). However, some units in properties with extended exemptions may be vested to higher AMI limits until unit turnover, depending on the income levels of existing tenants.

Maps: Multifamily Tax Exemption (MFTE) Properties as of 12/31/2023: Rental Housing and Homeownership¹²



¹² All MFTE homeownership properties were developed with public funding. In addition, the map includes 19 low-income housing rental properties developed with public funding.

Section 4: Final Certificates of Tax Exemption

In 2023, OH issued Final Certificates of Tax Exemption for 13 new multifamily housing properties in neighborhoods throughout Seattle. Multifamily properties receiving Final Certificates in 2023 total 1,667 rental units (including 351 MFTE units) and 13 ownership units. Exemptions for properties with Final Certificate issued in 2023 became effective on January 1, 2024.

Table 4.1: Final Certificates of Tax Exemption issued in 2023

Property Name	Neighborhood	Total Units	MFTE Units
Capitol View ¹³	Capitol Hill	13	13
Ayer, The	Denny Triangle	312	63
Heartwood	12th Avenue	126	32
Gridline West	First Hill	49	13
Betula House	Capitol Hill	50	10
King Street Flats	Jackson Park	30	8
Corner 63	Roosevelt	139	28
JG Whittier	Ballard	54	14
Siteline Apts.	Whittier Heights	214	43
Tapestry	12th Avenue	268	54
Hemlock, The	Greenwood	297	60
Roystone Apts	Queen Anne	93	19
Shared Roof	Greenwood	35	7
Total		1,680	364

Section 5: Compliance Monitoring, Extension, Opt Out, and Expiration

Compliance Monitoring

The Office of Housing (OH) implemented a new shared platform developed by the City's Information Technology Department (IT) for Market Incentives and Land Use (MILU) reporting. This platform complements a database currently in development by IT for OH's MILU portfolio. With this new reporting platform, OH greatly improved privacy and personal data protection. Another added benefit includes a streamlined report submission process with efficiencies benefitting property owners/managers as well as OH compliance staff.

Utilizing this new process, OH's Asset Management Division uploaded 282 annual compliance reports for the 2023 reporting period. The response rate for 2023 property reports was 93%. OH continues to work with property owners to finalize reports for roughly 20 other MILU portfolio properties.

¹³ Capitol View is a Habitat for Humanity development providing 13 affordable homes for buyer households with incomes no higher than 80% of AMI.

In addition, Asset Management staff completed ten property file audits and held three virtual training sessions for more than 300 attendees in 2023.

MFTE Extensions

As noted in the Introduction, Ordinances 126443, 126792, and 127016 authorize an extension option for owners of properties with MFTE expiration dates of December 31 of 2021, 2022, 2023, and 2024. Table 5.1 shows the AMI limits for (1) expiring MFTE P3 properties, (2) new MFTE P6 properties, and (3) properties with 12-year MFTE extension.

Table 5.1: Current Rent Limits by Unit Type¹⁴

Unit Type	Rent Limits for Properties with MFTE Expiring (Program 3)	Rent Limits for Newly Built MFTE Properties (Program 6)	Rent Limits Properties with 12-yr MFTE Extensions
Units ≤ 400 square feet			
Compact units (some)	80% AMI	40% AMI	30% AMI
Compact units (all)	80% AMI	50% AMI	40% AMI
Units > 400 square feet			
0-Bedroom	80% AMI	60% AMI	50% AMI
1-Bedroom	80% AMI	70% AMI	60% AMI
2-Bedroom	90% AMI	85% AMI	75% AMI
3+ Bedroom	90% AMI	90% AMI	80% AMI

¹⁴ To allow ongoing occupancy of MFTE units by existing tenants who, while they qualify as eligible households under pre-extension contracts, do not qualify as eligible households according to subsection 5.73.090.D.2.a, and to steadily transition multifamily housing to full compliance with extended exemption requirements, for each MFTE unit occupied on December 31 of the exemption's year of expiration, the affordable rent according to the current tenant's lease agreement as of January 1 and thereafter is: (1) No greater than the extension rent limit if the annual income of the tenant household is less than one and one-half times the extension limit for the MFTE unit; or (2) No greater than the P3 rent limit if the annual income of the tenant household is less than one and one-half times 80% AMI or 90% AMI, depending on the unit type, and at least one and one-half times the extension limit. If the annual income of a tenant household equals or exceeds one and one-half times 80% AMI or 90% AMI, depending on unit type, the tenant is no longer an eligible household, and the next available residential unit of the same unit type must be newly designated as an MFTE unit and promptly leased to an eligible household. MFTE units that were vacant on December 31 of the exemption's year of expiration must also be promptly leased at an affordable rent to an eligible household consistent with conditions for the 12-year extension.

Table 5.2: Status of Properties with MFTE Expirations on 12/31/2023

Property Name	Address	Market-Rate or Low-income Housing	Opted for Extension	Total MFTE Units
Element 42	2622 California Ave SW	Market	No	16
Trovere aPodments	4309 7th Ave NE	Market	No	10
Solana aPodments	310 17th Ave S	Market	No	7
Link Apartments	4550 38th Ave SW	Market	Yes	39
Station at Othello Park	4219 S Othello St	Market	Yes	71

For-profit owners of two housing developments with 110 MFTE units opted to extend their tax exemptions last year: Link Apartments and The Station at Othello Park. As of December 31, 2023, 36 of the 110 MFTE units were vacant. The 36 vacant units includes 15 newly designated MFTE units to substitute for 14 other units occupied by tenants who did not provide documentation for income certifications plus one MFTE unit occupied by a tenant with annual income more than 1.5 times the P3 limit. It also includes eight units in one of the buildings that were not leased for any portion of the 2023 calendar year.

Of the remaining 74 MFTE units occupied prior to the MFTE extension, all but four tenant households qualified for the lower rents shown in the *Rent Limits Properties with 12-yr MFTE Extensions* column in [Table 5.1](#). Incomes of those 70 qualifying households average roughly 36% AMI. Tenant households residing in three 1-bedroom MFTE units have average incomes of roughly 73% AMI and one other household residing in an MFTE studio has income 54% of AMI; rents for these four households will continue to be subject to higher Program 3 limits. For those four units, the 12-year extension rent limits do not go into effect until unit turnover.¹⁵

Table 5.3: Income Levels of Households with Income Certifications

Unit type	Households No Longer Eligible—Average Income 111% AMI ¹⁶	Households with P3 Rent Levels—Average Income 68% AMI	Households with Lower Rent Levels—Average Income 36% AMI
0-Bedroom			11
1-Bedroom	1	2	50
2-Bedroom		2	9
Total	1	4	70

Of the 74 households certified as income eligible, 60 voluntarily provided race/ethnicity information for a head of household. Of those 60 households providing demographic information, 35% identify as white and 65% identify as people of color and/or mixed race.

¹⁵ See Footnote 9 for *Table 5.1: Current Rent Limits by Unit Type* for detail about transitioning multifamily properties from high P3 rents to lower rents required as a condition of MFTE extensions.

¹⁶ A unit was substituted for the one no longer designated for MFTE because the tenant's income exceeded 1.5 times the P3 limit; that substitute unit is included in the count of 36 vacant units.

The owners of three market-rate properties, Element 42, Trovere aPodments, and Solana aPodments, opted not to seek 12-year MFTE extensions. With those expirations, 33 MFTE units (17 sleeping room units at 80% of AMI, two studios at 65% of AMI, and 14 one-bedroom units at 75% of AMI) now have no income and rent restrictions. A small share of tenants submitted applications for tenant relocation assistance, and 9 households qualified.

MFTE Opt Outs

Since MFTE's inception in 1998, owners of four rental properties opted out of MFTE after issuance of a Final Certificate of Tax Exemption, prior to expiration of the tax exemption. Prior to opt out, two of those rental properties, which converted to owner-occupied condominiums, included 41 Program 1 MFTE units. The third included six Program 5 MFTE units and the fourth included one Program 6 MFTE unit.

To date, MFTE opt outs also include 31 condominium units at the Pontedera (827 Hiawatha Pl S, completed in 2009) where the property tax exemption ended before expiration at year 12 due to sale.

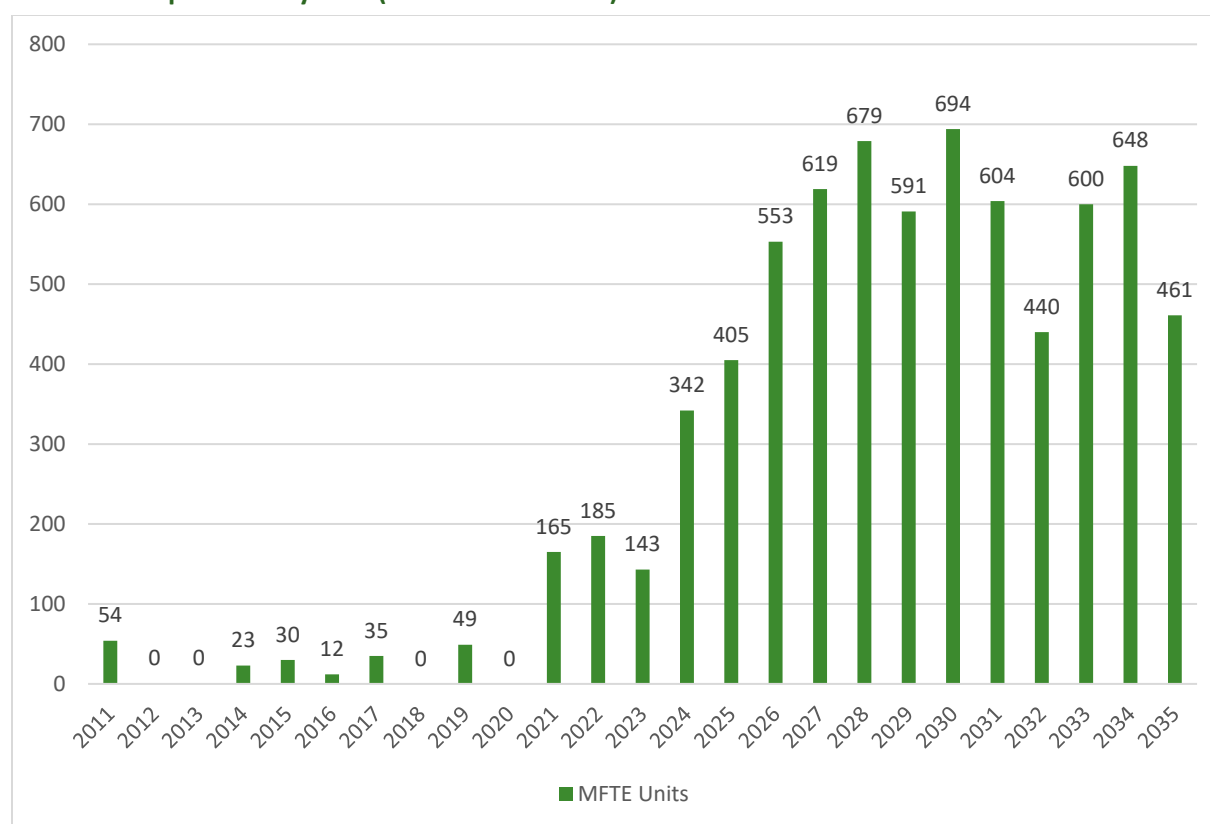
MFTE Expirations

As of December 31, 2023, the multifamily property tax exemption expired for 13 rental properties totaling 363 MFTE units. The inventory of rental multifamily housing with a set-aside of active MFTE units currently totals 286 properties and 6,636 MFTE units (including the eight properties provided MFTE extensions). The property tax exemption for those properties expires in years 2024 through 2035. In the next five years (2024-2028), tax exemptions are scheduled to expire for the owners of 131 multifamily rental housing properties with 2,598 MFTE units.

In 2024, MFTE is scheduled to expire for fifteen rental properties with 342 MFTE units. The current AMI limits (80% to 90% of AMI or 65% to 85% of AMI depending on version of MFTE) may be at or above prevailing market rents for these relatively older properties.

[Figure 5.A](#) below shows the number of expired MFTE units as well as the growing number of active MFTE units in multifamily rental properties for which the property tax exemption is scheduled to end in the coming years.

Chart 5.A: Expirations by Year (MFTE Rental Units)¹⁷



Section 6: MFTE Tax Impacts

Seattle’s MFTE program has two different types of tax impacts. The first is reduced tax revenue due to exclusion of the new construction value of MFTE properties from Seattle’s tax base. MFTE has budget impacts for the City and other taxing jurisdictions due to this lost property tax revenue. The second impact is higher tax bills shifted to non-exempt taxpayers due to exempt taxes on the owners of exempt multifamily properties.

Reduced Tax Base & Foregone Revenue

Washington state law limits tax increases in individual taxing districts, such as Seattle’s, to 1% annually plus taxes generated by certain improvements, including new construction. In most cases, a portion of the new construction value for MFTE properties is typically deferred, which means it cannot be included as part of Seattle’s tax base until the tax exemption for the property ends (12 years, or up to 24 years for certain properties, from the date when the housing first opens).

¹⁷ Does not include properties that opted out prior to expiration of the property tax exemption. Expiration years starting in 2033 include MFTE units in properties for which a second 12-year tax exemption was approved.

For properties with MFTE active in the 2023 calendar year (those properties where MFTE started anytime between 2012 and 2023) the amount of new construction value currently deferred by the King County Assessor for Seattle’s MFTE rental properties is \$3.7 billion. As a result, \$271 million of property tax revenue was forgone during that 12-year period. Additional revenue losses from properties for which MFTE has already ended due to expiration or opt out are not included in the \$271 million estimate of foregone property tax revenue. The amount of revenue foregone in the 2023 tax year alone was \$38.3 million.

Shifted Tax Burden

Most of the property taxes from which multifamily property owners are exempt are absorbed by non-exempt taxpayers, including homeowners. The exempt assessed value of properties that currently have MFTE totals \$8.8 billion. For 2023 alone, that translates into \$71.4 million of tax savings for owners of those properties being shifted to and paid by non-exempt taxpayers. The cost of Seattle’s MFTE program to a Seattle homeowner in 2023, assuming Seattle’s median assessed home value of \$804,000, is approximately \$130 of additional property taxes. The total shifted tax burden for Seattle taxpayers is greater than the \$130 estimate; this estimate does not account for additional taxes paid by non-exempt property owners due to tax shift impacts of other King County cities’ MFTE programs.

Section 7: State Legislative Changes

In the 2024 state legislative session, an office-to-housing conversion bill, [SB 6175](#), added a new defined term to the definitions section of [Chapter 84.14, the authorizing statute for MFTE. RCW to add the following defined term:](#) “Conversion” means the conversion of a nonresidential building, in whole or in part, to multiple-unit housing under this chapter. The bill authorizes sales tax exemptions for conversion projects and requires that income-restricted units provided as a condition of that incentive be unique from ones provided as a condition of MFTE, if applicable.

[SB 5287](#), adopted during the 2021 legislative session, provided several amendments to Chapter 84.14, including the following:

- Authorization of a 12-year extension of MFTE provided properties meet local affordability requirements.
- Authorization of a new 20-year property tax exemption for new permanently affordable homes.
- Authorization for local governing authorities to require prevailing wage, apprenticeship, and contractor inclusion as a condition of MFTE.
- Requirement that jurisdictions follow State annual reporting requirements for MFTE, including rents or sales prices for every unit in a development and household sizes and incomes for residents of all MFTE units.
- Requirement for certain properties to provide tenant notification and tenant relocation assistance prior to MFTE expiration.

- Authorization for local jurisdictions to extend project completion deadlines, allowing select projects to finish construction up to 10 years after MFTE application approval and grandfathering those projects to MFTE requirements, including higher AMI limits, no longer in effect.

In 2020, the state legislature adopted [SHB 2384](#) to expand the existing property tax exemption for real and personal property owned or used by a non-profit entity to provide rental housing for households with incomes 60% AMI or less. Before those amendments to Chapter 84.36 RCW, the income limit for qualifying households for purposes of property tax exemptions for rental housing was capped at 50% AMI. For that reason, MFTE has historically been used as a stopgap means of achieving exemptions for low-income housing. The Office of Housing continues to work with its non-profit partners to transition their properties from MFTE to the statewide exemption authorized by SHB 2384. For-profit owned market-rate properties comprise the large majority of MFTE activity. The share of low-income housing participating in MFTE will likely continue to decline as non-profit owned properties transition to property tax exemption per Chapter 84.36 RCW.

More Information

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2023 MHA Report Summary

MHA mitigates some affordable housing impacts of new multifamily and commercial development through inclusion of affordable homes or and contributions to a City fund used for the preservation and production of low-income housing.

- Implemented through legislative upzones starting in 2017, MHA requirements are in several key areas zoned for multifamily and commercial development (e.g., University District, Downtown, and South Lake Union).
- Developers can either build affordable units (performance) or pay into the MHA fund (payment).

Key takeaways

- **Developments:** Building permits were issued for 227 projects meeting MHA requirements in 2023, a decrease from 261 in 2022.
- **MHA Funds:** MHA payments decreased by 15% to \$63.2 million in 2023. Since inception, MHA payments total \$304.3 million, with \$252.2 million awarded for 4,498 homes for low-income households.
- **MHA Performance:** Affordable homes committed through the MHA performance option increased by 60% in 2023, totaling 123 MHA units.

Performance Option

- **Units:** 15 residential and mixed-use developments completed to date include 119 affordable homes through the MHA performance option.
- **Affordability:** Units serve households earning up to 60% of the area median income (AMI) for rental and up to 80% AMI for ownership.

Payment Option

- In 2023, OH received \$63.2 million in MHA payments to support efforts to build and preserve low-income housing.
- In 2023, \$8.2 million committed for development of 258 new affordable homes.

Issues for consideration

- **Decline in MHA contributions:** The 15% decrease in MHA payments in 2023 may impact future affordable housing development and OH's ability to address affordable housing needs in Seattle.
- **MHA requirements evaluation:** The MHA framework requires us to evaluate whether MHA requirements are achieving stated goals. We need to adjust for market changes, ensure payment amounts and performance set-asides are appropriate, and implement MHA where development capacity increases to mitigate affordable housing impacts in those areas.



Seattle
Office of Housing

2023 Mandatory Housing Affordability and Incentive Zoning Annual Report

June 2024

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Executive Summary

Mandatory Housing Affordability (MHA) mitigates some affordable housing impacts of new multifamily and commercial development through inclusion of affordable homes or and contributions to a City fund used for the preservation and production of low-income housing.

- Implemented through legislative upzones starting in 2017, MHA requirements are in several key areas zoned for multifamily and commercial development (e.g., University District, Downtown, and South Lake Union).
- Developers can either build affordable units (performance) or pay into the MHA fund (payment).

Key takeaways

- **Developments:** Building permits were issued for 227 projects meeting MHA requirements in 2023, a decrease from 261 in 2022.
- **MHA Funds:** MHA payments decreased by 15% to \$63.2 million in 2023. Since inception, MHA payments total \$304.3 million, with \$252.2 million awarded for 4,498 homes for low-income households.
- **MHA Performance:** Affordable homes committed through the MHA performance option increased by 60% in 2023, totaling 123 MHA units.

Performance Option

- **Units:** 15 residential and mixed-use developments completed to date include 119 affordable homes through the MHA performance option.
- **Affordability:** Units serve households earning up to 60% of the area median income (AMI) for rental and up to 80% AMI for ownership.

Payment Option

- In 2023, OH received \$63.2 million in MHA payments to support efforts to build and preserve low-income housing.
- In 2023, \$8.2 million committed for the development of 232 rental apartments and 26 for-sale homes.

Incentive Zoning

IZ allows developers to build more floor area in exchange for affordable housing contributions, similar to MHA but voluntary.

- Developers can exceed standard zoning limits by contributing to affordable housing, either by including units on-site or making payments.
- IZ is being phased out in favor of the mandatory MHA requirements to streamline and strengthen affordable housing efforts.
- **Projects and Contributions:** Specific details on the number of IZ projects and financial contributions for 2023 are not highlighted, as the focus shifts towards MHA implementation.

Section 1: Mandatory Housing Affordability (MHA)

MHA Background

Under Mandatory Housing Affordability (MHA), Seattle mitigates some affordable housing impacts of new multifamily and commercial development through inclusion of affordable homes or contributions to a City fund used for the preservation and production of low-income housing. MHA was implemented incrementally concurrent with area-wide zoning changes and modifications to the Land Use Code that increased development capacity. The first half of this report identifies the affordable housing units built or committed through either MHA’s performance option or payment option.

Land Use Code Chapters 23.58B and 23.58C provide the regulatory framework for affordable housing impact mitigation through MHA-Commercial (MHA-C) and RCW 36.70A.540-authorized affordable housing incentives through MHA-Residential (MHA-R). MHA-C applies to development that includes more than 4,000 square feet of gross floor area in commercial use. MHA-R applies to development that provides net new residential and live-work units. MHA payment and performance requirements vary based on a property’s location and the MHA-related development capacity increase approved for the zone.

In 2019 City Council adopted [Ordinance 125791](#) and approved related Comprehensive Plan changes needed to implement MHA. Ordinance 125791 included “citywide” zoning actions that expanded MHA requirements to most neighborhoods with zoning accommodating multifamily housing, including six percent of land area previously zoned exclusively for detached single-family homes. With only a few exceptions, all areas zoned for commercial and multifamily residential development are subject to MHA. The table below shows each of the zoning ordinances by which MHA was implemented. MHA requirements apply to projects that vested after the applicable area’s zoning ordinance took effect.

Table 1.1: Zoning Legislation Implementing MHA ¹

Area	Ordinance Number	Adopted
University District Urban Center	Ordinance 125267	February 2017
Downtown and South Lake Union Urban Centers	Ordinance 125291	April 2017
Chinatown-International District Urban Center Village	Ordinance 125371	August 2017
23rd Avenue and Cherry Street 23rd Avenue and Union Street 23rd Avenue and Jackson Street	Ordinance 125359 Ordinance 125360 Ordinance 125361	August 2017
Uptown Urban Center	Ordinance 125432	October 2017
Other areas zoned for commercial and multifamily residential development	Ordinance 125791	April 2019

¹ City Council did not implement MHA in Pioneer Square, DH2/55, and DH2/85 zones on the downtown waterfront, IDM-65-150 and IDM-75-85 zones in Chinatown-International District, the SM-SLU 85/65-150 zone in South Lake Union, or MPC-Yesler Terrace zones.

Development with MHA Contributions in 2023

When a project in an MHA zone applies for land use and construction permits, the Office of Housing and the Seattle Department of Construction and Inspections (SDCI) must approve its affordable housing contribution. MHA payment and/or performance requirements, according to permit plans verified by SDCI, must be satisfied prior to issuance of the first construction permit that includes the structural frame of the building.²

Affordable housing contributions through MHA were made for 227 projects with issued building permits in 2023.³ This is a decrease from the 261 projects for which housing contributions were made in 2022. Comparing the last two calendar years, MHA payments decreased by 15% (\$74.6 million in 2022 and \$63.2 million in 2023) and MHA units committed to be provided through the performance option increased 60% (77 MHA units in 2022 and 123 MHA units in 2023). MHA performance activity for the 2023 reporting year reached its highest level since 2019 when MHA upzones were adopted. The Performance Option and Payment Option sections below provide additional detail about MHA contributions.

² If a project includes both residential and commercial floor area, the property owner might satisfy requirements for floor area with one type of use (e.g., commercial) through payment and satisfy requirements for floor area with the other type of use (e.g., residential) through performance. In addition, if performance option requirements include a fraction of an MHA unit, the City receives a payment-in-lieu for that fraction of a unit if the property owner does not wish to round the fractional unit up to one MHA unit.

³ This report details MHA payments by date of OH receipt for projects with issued building permits only. MHA performance activity is reported by year of building permit issuance. **This is a point in time report. Production numbers are not necessarily comparable to those reported in prior Annual Reports** (for example, some prior reports might include MHA activity for projects for which permits had not been issued yet or MHA contribution amounts could have changed due to a permit revision during construction or updates to Accela (the City's permit tracking platform)).

Performance Option: MHA Units

Projects where the owner chooses to comply with MHA through the performance option must have an agreement recorded against the property title as a condition of issuance of the first building permit that includes the structural frame for the building. Units designated to be income- and rent-restricted under the performance option (MHA units) must be comparable to other units in the development in terms of unit size, number of bedrooms, access to amenities, and location within the development. MHA units have maximum rents or sale prices and serve income-eligible renters or homebuyers for a minimum of 75 years.

2023 Income Limits for Eligible Households

Family Size	Percent of Area Median Income (AMI)		
	40%	60%	80%
1	\$38,360	\$57,540	\$76,720
2	\$43,840	\$65,760	\$87,680
3	\$49,320	\$73,980	\$98,640
4	\$54,800	\$82,200	\$109,600

Since initial adoption of MHA legislation through December 31, 2023, building permits have been issued for 56 performance projects with 5,086 total units. Of that total, property owners committed to providing 404 MHA units with affordability restrictions.

At initial occupancy, MHA rental units provided through the performance option must serve households with incomes no greater than 40% of AMI if net unit area is 400 square feet or less or households with incomes no greater than 60% of AMI if net unit area is greater than 400 square feet. Monthly rent does not exceed 30 percent of 40% of AMI for units less than 400 square feet or 30 percent of 60% of AMI for units greater than 400 square feet.

Households eligible to purchase an affordable MHA unit have incomes no greater than 80% of AMI and meet a reasonable limit on assets. Initial sales prices are calculated so that total ongoing housing costs do not exceed 35 percent of 65% of AMI to allow for equity growth for individual homeowners while maintaining affordability for future buyers. To date, developers of seven homeownership developments have elected to use the performance option to satisfy MHA requirements (included in [Table 1.3](#) below). Six of those projects will include one unit affordable to a household with income not to exceed 80% of AMI and the seventh project will include two units affordable to households with incomes not to exceed 80% of AMI.

Property owners must affirmatively market MHA units to households who otherwise might be unlikely to apply to live there. For those households, affirmative marketing increases awareness of housing vacancies, broadens housing choice, and improves the likelihood of securing housing, regardless of their race, color, religion, sex, national origin, parental status, marital status, disability, or other protected class status.

MHA Units in Service

MHA units are complete (i.e., “in service”) upon issuance of a certificate of occupancy or final inspection for the development. The following table identifies the 15 properties with MHA units in service as of December 31, 2023.

Table 1.2: Housing with MHA Units – In Service

Property	Total Units	MHA Units	Affordability/ Income Limit	Location	Initial Year in Service
2018					
East Union	144	4	60% of AMI	23 rd Union-Jackson	2018
2019					
Zella Apartments	128	8	60% of AMI	Uptown	2019
The Stax	60	4	40% of AMI	University District	2019
2020					
Portal Apartments	54	3	60% of AMI	Fremont	2020
DP Studios	22	2	40% of AMI	University District	2020
2021					
Kirin Apartments	95	7	40% of AMI 60% of AMI	Uptown	2021
2022					
1817 S Charles St	4	1	60% of AMI	Beacon Hill	2022
Midtown Square	432	44	60% of AMI	23 rd Union-Jackson	2022
Viola Apartments	79	7	40% of AMI	University District	2022
Dockside	97	9	40% of AMI	Green Lake	2022
2023					
Heartwood	126	13	60% of AMI	12 th Avenue	2023
The 119	43	3	40% of AMI 60% of AMI	Madison-Miller	2023
Jean Darsie Place	58	4	40% of AMI	University District	2023
Summerstone	120	8	40% of AMI 60% of AMI	Columbia City	2023
Cypress Greenwood	25	2	40% of AMI	Greenwood	2023
Total	1,487	119			

MHA Units Committed

The performance option is commitment of MHA units as a condition of issuance of the first building permit that includes the structural frame for the building. Commitments are finalized with execution and recording of an Office of Housing-approved MHA performance agreement. In 2023, building permits were issued for 14 projects totaling 1,252 total units with executed performance agreements for 123 MHA units. MHA performance agreements are executed for an additional 15 projects with building

permit issuance still pending as of December 31, 2023. Assuming all those projects move forward, another 63 of 749 total units would be MHA units.

The following table lists 41 MHA performance projects with issued building permits that were not completed as of December 31, 2023.

Table 1.3: Housing with MHA Units by Year Building Permit Issued – Pipeline

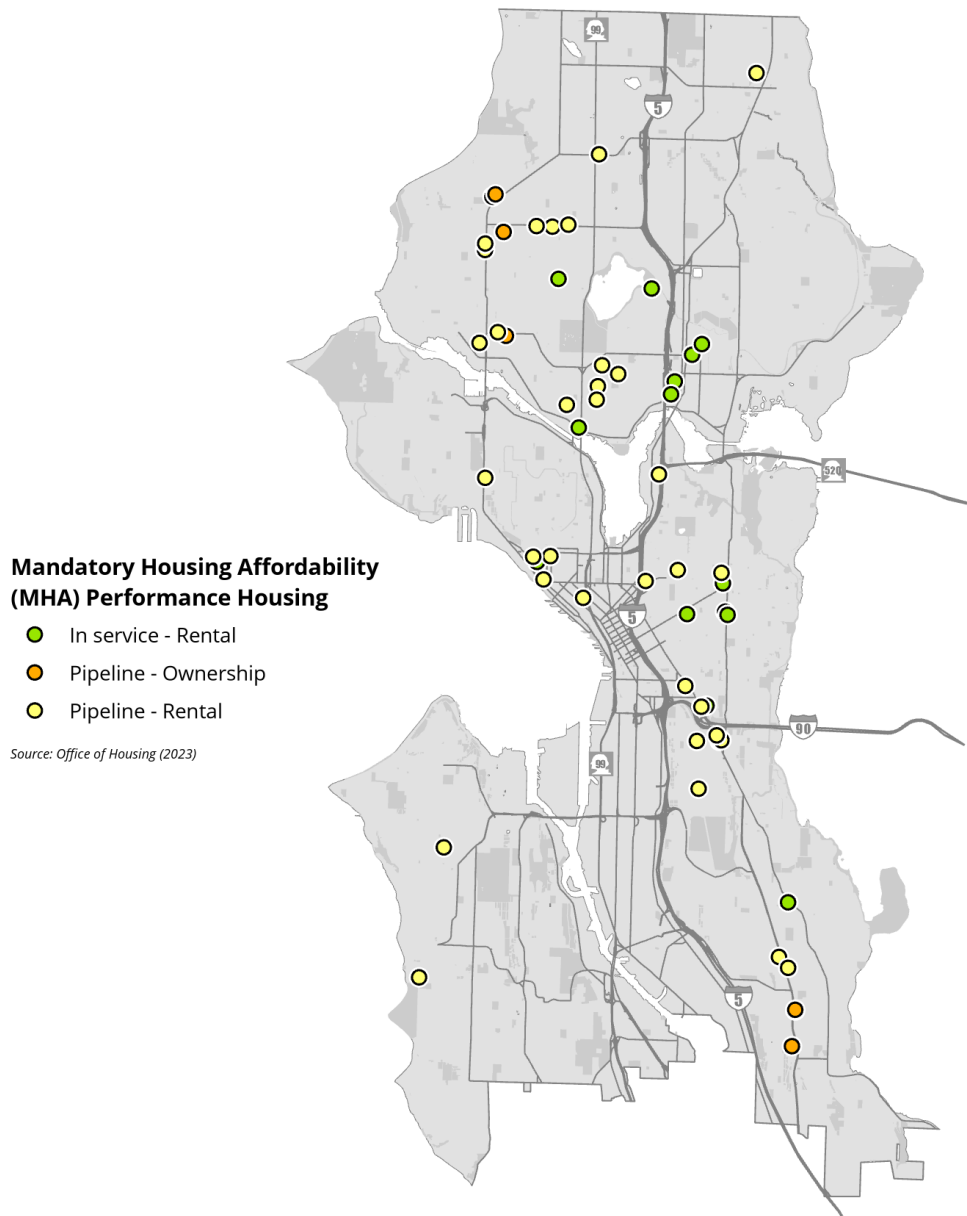
Development Address	Total Units	MHA Units	Affordability/ Income Limit ⁴	Location
2019	24	1		
1261 S King St	24	1	60% of AMI	Chinatown-Intl District
2020	245	19		
303 Battery St	112	4	40% of AMI 60% of AMI	Belltown
513 1 st Ave N	125	13	40% of AMI 60% of AMI	Uptown
1771 17th Ave S	8	2	60% of AMI	Mount Baker
2021	927	65		
4612 Stone Way N	15	2	40% of AMI	Wallingford
9202 Mary Ave NW	20	1	80% of AMI	Crown Hill
6515 38th Ave S	114	6	40% of AMI	Othello
1544 NW 52 nd St	67	6	40% of AMI 60% of AMI	Ballard
4205 SW Genesee St	77	5	40% of AMI	West Seattle Junction
1750 22 nd Ave S	287	21	40% of AMI 60% of AMI	Mount Baker
1765 22 nd Ave S	282	20	40% of AMI 60% of AMI	Mount Baker
1130 N Northgate Way	65	4	40% of AMI	Aurora-Licton Springs
2022	1,151	77		
119 N 85 th St	27	2	40% of AMI	Greenwood
325 NW 85 th St	72	5	40% of AMI	Greenwood
2222 15 th Ave W	168	11	40% of AMI 60% of AMI	Interbay
4417 Wallingford Ave N	78	5	40% of AMI	Wallingford
519 N Bowdoin Pl	29	2	60% of AMI	Fremont
1700 21 st Ave S	158	10	60% of AMI	Mount Baker
7714 Martin Luther King Jr Way S	7	1	80% of AMI	Othello
123 Bellevue Ave E	168	12	40% of AMI 60% of AMI	Capitol Hill
2912 Beacon Ave S	120	7	40% of AMI 60% of AMI	Beacon Hill

⁴ The affordability limit for owner-occupied housing is 80% of area median income.

Development Address	Total Units	MHA Units	Affordability/ Income Limit ⁴	Location
230 21 st Ave E	4	2	60% of AMI	Madison-Miller
8608 42 nd Ave S	5	1	80% of AMI	Rainier Beach
6732 40 th Ave S	12	1	60% of AMI	Othello
7712 Martin Luther King Jr Way S	7	1	80% of AMI	Othello
1140 NW Market St	86	6	40% of AMI	Ballard
12727 30 th Ave NE	210	11	40% of AMI 60% of AMI	Lake City
2023	1,252	123		
4205 Stone Way N	96	6	40% of AMI	Wallingford
4009 Stone Way N	125	8	40% of AMI	Wallingford
504 N 85 th St	197	18	40% of AMI 60% of AMI	Greenwood
310 11 th Ave E	35	4	60% of AMI	Capitol Hill
2335 Boylston Ave E	71	7	40% of AMI	Eastlake
110 1 st Ave W	70	7	60% of AMI	Uptown
505 3 rd Ave W	169	17	40% of AMI 60% of AMI	Uptown
968 NW 54 th St	21	2	80% of AMI	Ballard
7757 15 th Ave NW	61	4	40% of AMI	Crown Hill
8313 12 th Ave NW	18	1	80% of AMI	Crown Hill
7705 15 th Ave NW	81	5	40% of AMI	Crown Hill
9225 14 th Ave NW	12	1	80% of AMI	Crown Hill
900 Rainier Ave S	292	42	40% of AMI 60% of AMI	23 rd Union-Jackson
4618 SW Othello St	4	1	60% of AMI	Fauntleroy
Total	3,599	285		

Map 1: Mandatory Housing Affordability (MHA) Performance Option Development

Properties that include MHA units are located throughout the city of Seattle. The following map shows locations of 56 MHA performance properties with 404 MHA units either in service or with an issued building permit as of December 31, 2023.



Payment Option: MHA Payments

MHA Payments Received

Total MHA payments received by the City for projects with building permits issued as of December 31, 2023, sum to nearly \$304.3 million.⁵ The subtotal of MHA payments received in 2023 is \$63.2 million. Of the 2023 total, approximately \$6.6 million was received in the final quarter of the year and some of that amount may not have been available for award through an OH Notice of Funding Availability (commonly referred to as a NOFA). Of total MHA dollars contributed as of December 31, 2023, 94% are for development in Seattle Mixed (28%), Neighborhood Commercial (25%), Lowrise (25%), and Downtown (17%) zones. A large majority of MHA payment contributions are for development of residential floor area. Only 13% of MHA dollars is for development of commercial floor area; the remainder is funded by housing development.

MHA Funds Awarded for Low-Income Housing

Of \$304.3 million received to date, the Office of Housing has awarded \$252.2 million for 4,498 affordable homes, including 105 permanently affordable homes for buyer households with incomes no higher than 80% of AMI. The Office of Housing typically awards MHA funds for low-income housing the same calendar year as when payments are received. The exception may be when the Office of Housing receives MHA payments late in the year.

The Office of Housing's 2023 funding awards for low-income housing included approximately \$8.2 million of MHA payment proceeds.⁶ These investments will support 232 affordable rental apartments and 26 for-sale homes reserved for low-income homebuyers and resale-restricted to ensure permanent affordability. See the Office of Housing's **2023 Annual Investments Report** for detail and map of our investments (including MHA funds) in City-regulated low-income housing.

The Office of Housing balances the public's interest in allocation of funds to priority areas with prompt funding of awards to bring low-income housing online as expeditiously as possible. The City's [Housing Funding Policies](#), as adopted by City Council, identify geographic areas as priority locations for funding awards if:

- MHA payments received total at least \$4 million and low-income housing investments by the Office of Housing have yet to be made; or
- There is a significant imbalance between the amount of MHA payments received and the total amount of low-income housing investments.

⁵ The total includes approximately \$152K developers paid in lieu of fractions of units otherwise required through the performance option. An additional \$1.77 M has been received for projects for which the building permits were not yet issued as of December 31, 2023. MHA contribution amounts are calculated when plan sets are finalized but can increase or decrease after a project is under construction if SDCI approves revisions to the project.

⁶ Fund sources and amounts awarded are subject to change until development of the low-income housing is complete.

The following table shows total MHA payments received from property owners and total MHA funds committed to low-income housing by geographic area.

Table 1.4: MHA Payments and Investments by Location

Geographic Area	MHA Payments through 12/31/2023	MHA Investments through 12/31/2023
Ravenna, Roosevelt, University District ⁷	\$71.6 M	\$20 K
Belltown, Chinatown-ID, Commercial Core, Denny Triangle, Pioneer Square	\$51.3 M	\$10.4 M
Ballard, Crown Hill, Greenwood-Phinney Ridge	\$42.2 M	\$15.6 M
Queen Anne, Uptown	\$31.7 M	\$0
South Lake Union	\$21.6 M	\$0
23rd & Union-Jackson, Madison-Miller	\$16.9 M	\$20.5 M
Fremont, Green Lake, Wallingford	\$16.4 M	\$26.1 M
12th Avenue, Capitol Hill, Eastlake, First Hill	\$15.9 M	\$33.6 M
Columbia City, Mount Baker, North Beacon Hill, Othello, Rainier Beach	\$13.1 M	\$80.6 M
Admiral, Morgan Junction, South Park, West Seattle Junction, Westwood-Highland Park	\$10.4 M	\$11.8 M
Lake City, Northgate	\$10.1 M	\$53.5 M
Aurora-Licton Springs, Bitter Lake Village	\$2.9 M	\$0 M
Total	\$304.3 M	\$252.2 M*
*Approximately 5% of total MHA payments (~\$16 million) have been allocated for administration costs. The Office of Housing is in the process of determining highest and best use of remaining MHA funds.		

Section 2: Incentive Zoning (IZ)

Incentive Zoning (IZ) allows commercial and residential developers to achieve additional development capacity by providing affordable housing units (IZ units) or making a payment to fund capital costs of producing and preserving low-income housing across Seattle. This section of the report identifies the number of units provided and payments contributed through IZ.

Both IZ and MHA enable developers to achieve additional development capacity. However, IZ is distinguished from its successor MHA (discussed in the first section of this report) by its voluntary nature. Unlike MHA, for which development capacity increases were approved through legislative

⁷ MHA funds were combined with IZ funds to support Bellwether's Cedar Crossing apartments in this geographic area.

rezones, IZ affordable housing requirements only apply if a property owner chooses to develop extra floor area as allowed by the Land Use Code. In zones where IZ conditions additional development capacity on provision for affordable housing, property owners choose either the performance option (i.e., inclusion of income-restricted units in their development or, in limited circumstances, at an alternative site) or the payment option if allowed (i.e., a cash contribution for production or preservation of low-income housing).

IZ affordable housing requirements have now been phased out in all but a few Downtown and South Lake Union zones. Prior to implementation of MHA, most zones in Downtown and South Lake Union as well as zones in parts of other Seattle neighborhoods featured IZ-related affordable housing requirements in exchange for additional development capacity. The formula for calculating the amount of public benefit to be provided in exchange for additional development capacity varied by zone: [SMC 23.58A.014](#) for extra residential floor area and [SMC 23.58A.024](#) for extra non-residential floor area.

In 2023, building permits were issued for one project that achieved extra floor area through the IZ performance option. The IZ affordable housing contribution for that project is included in [Table 2.2](#) below. The affordability/income limit for rental IZ units with net floor area 400 square feet or smaller is 40% of area median income (AMI). For rental IZ units sized larger than 400 square feet, the affordability/income limit is 80% of AMI. See [2023 Income Limits for Eligible Households](#) above.

IZ units are complete (i.e., in service) upon issuance of a certificate of occupancy for the building. The following table identifies the two projects with IZ units completed in 2023.

Table 2.1: Housing with IZ Units – Placed in Service in 2023

Project Address	Total Units	IZ Units	Affordability/Income Limit	Location
800 NE 64 th St	26	3	40% of AMI	Roosevelt
6300 9 th Ave NE	139	9	80% of AMI	Roosevelt
Total	165	12		

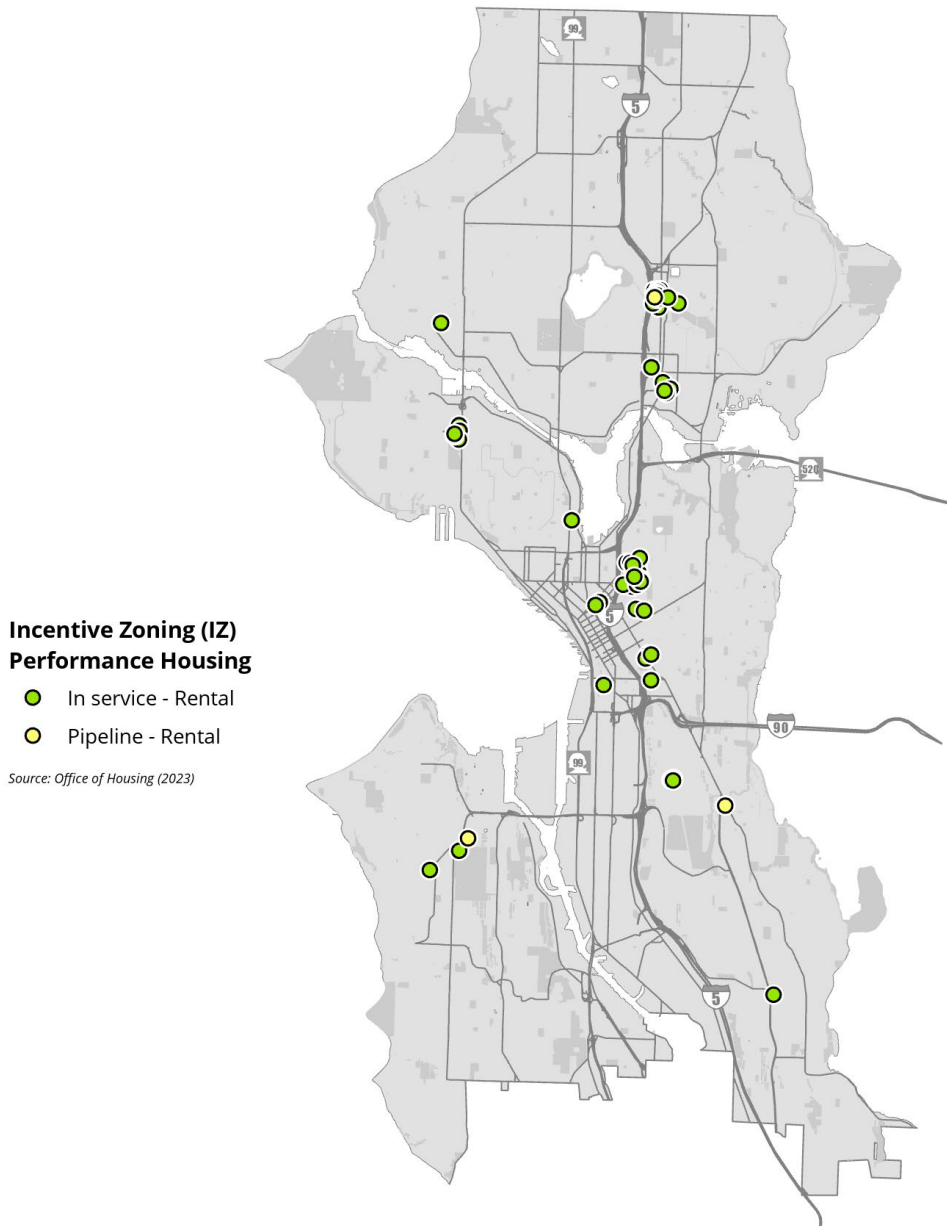
IZ units are committed upon execution and recording of an Office of Housing-approved IZ performance agreement. This table identifies the three IZ performance projects that, as of December 31, 2023, have a recorded housing covenant and an issued building permit but are not yet in service.

Table 2.2: Housing with IZ Units – Pipeline

Project address	Total units	IZ units	Affordability / Income limit	Location	Year building permit issued
811 NE 66 th St	17	2	40% of AMI	Roosevelt	2022
3235 Rainier Ave S	106	4	80% of AMI	Mt. Baker	2023
3050 SW Avalon Wy	105	5	40% of AMI	West Seattle	2016
TOTAL	228	11			

Map 2: Incentive Zoning (IZ) Performance Option Development

Properties that include IZ units are located throughout the city of Seattle. The following map shows locations of 58 properties with 629 IZ units that were either in service or under construction as of December 31, 2023.



In 2023, the Office of Housing received no IZ payments for production and preservation of low-income housing in Seattle. In certain geographic areas, the Land Use Code allows property owners to defer IZ payments for extra residential floor area until just prior to issuance of a certificate of occupancy. Deferred IZ payments for extra residential floor area are adjusted for inflation at the time of payment. The following table identifies the one residential project with a phased building permit issued in 2018

that is still under construction as of December 31, 2023, and for which the owners deferred payments totaling \$2.3 million.

Table 2.3: IZ Payments Deferred as of December 31, 2023

Project Address	IZ Payments projected (Amounts deferred until certificate of occupancy)	Location
707 Terry Ave	\$2,283,105	First Hill

More Information

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