

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

..title

AN ORDINANCE relating to the sale of low-income housing; requiring owners of certain multi-family rental housing to notify the Seattle Office of Housing, the Seattle Housing Authority, and tenants of the owner’s proposed sale of that housing; and amending Sections 22.907.030 and 22.907.100 of the Seattle Municipal Code.

..body

WHEREAS, Seattle continues to experience significant economic growth that is making Seattle an attractive place to live and work; and

WHEREAS, there is a shortage of affordable rental and homeownership housing for low-income households in Seattle; and

WHEREAS, multifamily rental housing buildings being offered for sale and in which low-income households live could provide an opportunity for those households or others to purchase the buildings and preserve the buildings as affordable housing, including the opportunity to form partnerships with organizations that will preserve the buildings as long-term affordable housing through land trusts, limited equity cooperatives, and other similar strategies; and

WHEREAS, The City of Seattle (“City”) would like owners of multifamily rental buildings to notify tenants, the City, and the Seattle Housing Authority (SHA) of the proposed sale of a building to give those prospective purchasers time to make an offer to purchase the building; and

WHEREAS, the City believes that tenants of buildings that may be sold should be notified of the possible sale because the sale of the building may result in operational and financial changes that impact the tenants; and

1 WHEREAS, the City Council finds that enactment of this ordinance will promote and protect the
2 health, safety, and welfare of the general public; NOW, THEREFORE,

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

4 Section 1. Section 22.907.030 of the Seattle Municipal Code, enacted by Ordinance
5 124861, is amended as follows:

6 **22.907.030 Notice of proposed sale of low-income (~~(housing)~~) multi-family rental building**

7 A. (~~Owners~~) Except as provided in this Section 22.907.030, an owner of a multifamily
8 rental housing building as defined in Section 23.84A.032, having (~~(five)~~) two or more housing
9 rental units, any one of which rents for an amount that is affordable to households at or below
10 80 percent of area median income, as (~~(median income was)~~) most recently determined by the
11 United States Department of Housing and Urban Development for the Seattle metropolitan
12 statistical area, shall notify the Seattle Office of Housing (OH) and the Seattle Housing
13 Authority (SHA) of the owner's intent to sell the building. The notice shall be in writing and
14 include the owner's name, phone number, and the address of the rental housing building that
15 will be (~~(listed)~~) offered for sale. At the same time, the owner shall submit to OH a declaration
16 signed under penalty of perjury, affirming that the owner has complied with the notice
17 requirements of this Section 22.907.030. The notice and declaration shall be (~~(mailed)~~)
18 submitted no later than (~~(60)~~) 90 days prior to the building being listed with any real estate
19 listing service or advertised for sale (~~(either)~~) in a printed newspaper or on a website. For the
20 purposes of this Section 22.907.030, a building is "listed" when an owner has signed a listing
21 agreement with a real estate agent. (~~Owners of a multifamily rental housing building having~~
22 ~~five or more housing units who are otherwise required by law or agreement to notify the Office~~

1 ~~of Housing of the owner's intent to sell or transfer the building and who have provided such~~
2 ~~notice are exempt from the notice requirement prescribed by this Section 22.907.030.))~~

3 B. No later than 90 days prior to the building being listed or advertised, the owner
4 shall prominently post a notice in the building that states the owner's intent to sell the building.
5 The notice shall be posted in a location that is clearly visible to building tenants. The notice
6 shall include information prepared by OH that describes funding that might be available to
7 help tenants purchase the building. The notice shall refer tenants to the City's website for
8 renters that could provide helpful information on potential programs to assist tenants in the
9 event of a sale.

10 C. If an owner receives a written offer to purchase a building prior to listing or
11 advertising the building for sale and intends to accept the offer, the owner must, within two
12 days of receiving the offer, post notice of the offer at the building and provide the written
13 notices and declaration described in this Section 22.907.030.

14 D.

15 1. For buildings having two to four housing rental units, no later than 15
16 calendar days after the owner has submitted and posted the notices required by this Section
17 22.907.030, OH, SHA, a tenant (or tenant group), or a qualified non-profit housing developer
18 having notice of the potential sale may notify the owner and OH of its interest in purchasing
19 the building. If none of those entities or individuals notify the owner and OH of its interest in
20 purchasing the building within that 15 calendar day period, the owner may list or advertise the
21 building for sale, offer the building for sale, or sell the building.

22 2. If OH, SHA, a tenant (or tenant group), or a qualified non-profit housing
23 developer notify the owner and OH of its interest in purchasing the building, the owner shall

1 provide to such individuals or entities, within three business days of the date the owner and OH
2 are notified of such interest, the number of rental units in the building, and the rent charged for
3 each unit.

4 3. Within 15 calendar days of notifying the owner and OH of its interest in
5 purchasing the building, a tenant (or tenant group) must provide to the owner documentation
6 from a financial institution or mortgage lender that the tenant (or tenant group) qualifies for a
7 mortgage or similar fund source that will enable purchase of the building. This documentation
8 shall be submitted to the owner and OH via email, fax, or U.S. mail. OH may approve other
9 types of documentation that show the tenant (or tenant group) has the financial ability to
10 purchase the building. If a tenant (or tenant group) does not provide the required
11 documentation, the owner may list or advertise the building for sale, offer the building for sale
12 or sell the building.

13 4. Within 30 days of OH, SHA, a tenant (or tenant group), or qualified non-
14 profit housing developer notifying the owner and OH of its interest in purchasing the building,
15 the entity or individual expressing that interest must offer to purchase the building. If the entity
16 or individual fails to do so or if the owner and potential buyer cannot agree to the purchase of
17 the building, the owner may list or advertise the building for sale, offer the building for sale, or
18 sell the building.

19 E.

20 1. For buildings having five or more housing rental units, no later than 30
21 calendar days after the owner has submitted and posted the notices required by this Section
22 22.907.030, OH, SHA, a tenant (or tenant group), or a qualified non-profit housing developer
23 having notice of the potential sale may notify the owner and OH of its interest in purchasing

1 the building. If none of these entities or individuals notify the owner and OH of its interest in
2 purchasing the building within that 30 calendar day period, the owner may list or advertise the
3 building for sale, offer the building for sale, or sell the building.

4 2. If OH, SHA, a tenant (or tenant group), or a qualified non-profit housing
5 developer notifies the owner and OH of its interest in purchasing the building, the owner shall
6 provide to such individuals or entities, within three business days of the date the owner and OH
7 are notified of such interest, the number of rental units in the building and the rent charged for
8 each unit.

9 3. Within 15 days of notifying the owner and OH of its interest in purchasing
10 the building, a tenant (or tenant group) must provide to the owner documentation from a
11 financial institution, or mortgage lender that the tenant (or tenant group) qualifies for a
12 mortgage or similar fund source that will enable purchase of the building. This documentation
13 shall be submitted to the owner and OH via email, fax, or U.S. mail. OH may approve other
14 types of documentation that show that a tenant (or tenant group) has the financial ability to
15 purchase the building. If a tenant (or tenant group) does not provide the documentation the
16 owner may list or advertise the building for sale, the building for sale or sell the building.

17 4. Within 90 days of OH, SHA, a tenant (or tenant group), or qualified non-
18 profit housing developer notifying the owner and OH of its interest in purchasing the building,
19 the entity or individual expressing that interest must offer to purchase the building. If the entity
20 or individual fails to do so or if the owner and potential buyer cannot agree to the purchase of
21 the building, the owner may list or advertise the building for sale, offer the building for sale,
22 or sell the building.

1 For the purposes of this Section 22.907.030, “qualified non-profit housing developer” means a
2 nonprofit organization that has developed and operated at least three affordable housing
3 projects in Seattle and is in good standing on projects funded by OH, as described in the City’s
4 Housing Funding Policies, adopted by Ordinance 125852.

5 Section 2. Section 22.907.100 of the Seattle Municipal Code, enacted by Ordinance
6 124861, is amended as follows:

7 **22.907.100 Penalties**

8 The Director of the Seattle Department of ((Planning and Development)) Construction and
9 Inspections may impose a civil penalty in an amount up to but no more than (((\$500.00)) \$2000
10 on any person who fails to ((notify the Office of Housing of the owner's intent to sell as
11 required by)) comply with the notice requirements contained in Section 22.907.030.

12 Section 3. The City Council requests the City Auditor, in collaboration with the Office of
13 Housing, to evaluate the multifamily building owners’ compliance with the notice provisions of
14 this ordinance two years after approval of this ordinance or approximately July 2021. The
15 Auditor shall submit a report to the City Council’s Housing, Health, Energy and Workers’ Rights
16 Committee (or successor committee) by December 30, 2021 that contains the results of this
17 evaluation and any recommended changes to the notice provisions of this ordinance.

18 Section 4. The Office of Housing will facilitate workshops for tenant groups, non-profit
19 housing developers, community organizations, housing financing entities, realtors and
20 commercial brokers, and owners of rental housing to discuss how to facilitate the timely sale of
21 buildings to interested parties, including the provision of technical assistance to tenant groups,
22 non-profit housing developers, and other organizations so that they are prepared to submit
23 offers to purchase multifamily buildings that are listed for sale

1 In addition, the Office of Housing in collaboration with the Seattle Department of
2 Construction and Inspections, is requested to develop strategies to enforce provisions of this
3 ordinance. One proposed strategy could include convening an ongoing stakeholder group to
4 assist in identifying and developing a watch list of multifamily buildings that may be offered
5 for sale in the near future. OH is requested to convene a stakeholder group to assist in the
6 development of strategies. OH will provide a report to the City Council’s Housing, Health,
7 Energy and Workers’ Rights Committee by September 30, 2019 regarding the proposed
8 strategies and the additional costs, if any, of implementing such strategies.

9 Section 5. This ordinance shall take effect and be in force 30 days after its approval by
10 the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it
11 shall take effect as provided by Seattle Municipal Code Section 1.04.020.

12 Passed by the City Council the _____ day of _____, 2019,
13 and signed by me in open session in authentication of its passage this _____ day of
14 _____, 2019.

15 _____
16 President _____ of the City Council

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

18 _____
19 Jenny A. Durkan, Mayor

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

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Monica Martinez Simmons, City Clerk

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(Seal)