

September 17, 2019

MEMORANDUM

To: Housing, Health, Energy and Workers' Rights Committee
From: Traci Ratzliff and Aly Pennucci, Analysts
Subject: CB 119615 – Multifamily Property Tax Exemption Program Renewal

On September 19, 2019, the Housing, Health, Energy and Workers' Rights (HHEWR) Committee will discuss and vote on [Council Bill \(CB\) 119615](#), that would reauthorize and modify the Multifamily Property Tax Exemption (MFTE) Program. Central Staff briefed the Committee at the September 12, 2019 HHEWR meeting on changes proposed by Councilmember Mosqueda that were incorporated in the CB as introduced (see the [Central Staff memo](#), dated September 9, for additional information).

This memo describes additional amendments included in a new substitute bill that will be considered at the September 19, 2019, HHEWR meeting.

Proposed Amendments to CB 119615

The following amendments are encompassed by a substitute bill (Attachment 1). Specific amendment language is included in the substitute bill.

1. Annual Reporting Requirements

As proposed, and under the existing program, the requirements for annually reporting to the Council on the MFTE program are contained within the annual project certification section in the Seattle Municipal Code ([SMC 5.73.100.D](#)). This amendment moves the requirements for the annual report to a new standalone section (SMC 5.73.130) and adds a requirement that the report includes information on the value of the tax exemption granted, changes in the housing market, and changes to State law related to the MFTE program and labor standards. *(See page 47 in Attachment 1).*

2. Data Collection to Advance Labor Equity Goals

This amendment adds a new section to CB 119615 directing the Executive to collect data from development projects that participate in the MFTE program related to labor equity goals. This data will include, but not be limited to: construction wage information, apprentice utilization, number of workers graduating from pre-apprenticeship programs, and the number of workers who participated in mentoring and other training programs. This data will be included in the annual MFTE report submitted to the Council. This information would inform future discussions around modifications to the MFTE program to advance labor equity goals. *(See pages 47-48 in Attachment 1).*

3. MFTE Unit Distribution Requirements for Highrise Buildings

The legislation as introduced added language to expand requirements related to the affordable units to ensure comparability with market rate units in MFTE projects. This amendment provides greater flexibility on the distribution requirements for MFTE units in highrise buildings (defined as buildings over 95 feet in height for purposes of this amendment). This addresses a concern raised by developers that the distribution requirements reduce participation in MFTE for highrise buildings because market-rate rents have greater variability due to view-related premiums when compared to midrise buildings. *(See pages 27-28 in Attachment 1).*

4. Technical and Clarifying Amendments

In addition to the changes describe below, the proposed substitute includes a number of technical and clarifying amendments to provide administrative clarity and ensure that the City's requirements are consistent with State law. These include:

- Modifying language in SMC 5.73.050, requiring that the Office of Housing reviews MFTE applications for completeness *(see page 33 in Attachment 1)*;
- Modifying SMC 5.73.050 to clarify that all references to the date of the MFTE application means the date of approval of the MFTE application, not submittal *(see page 33 in Attachment 1)*;
- Updating all references to a date of the MFTE application to refer to the modified SMC 5.73.050 described above *(see pages 23, 25, 34, and 38 in Attachment 1)*; and
- Other minor clarifying and technical corrections *(see pages 38, 41, and 42 in Attachment 1)*.

Next Steps

The HHEWR Committee will discuss and potentially vote on the amendments and CB 119615 as amended at their September 19, 2019, meeting. Their recommendation will be considered at the Full Council meeting on Monday, September 23, 2019.

Attachments:

1. Proposed Substitute (CB 119615)

cc: Kirstan Arestad, Exec Director