

**SUMMARY and FISCAL NOTE\***

<b>Department:</b>	<b>Dept. Contact/Phone:</b>	<b>CBO Contact/Phone:</b>
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*\* Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

**1. BILL SUMMARY**

**Legislation Title:** AN ORDINANCE relating to the Multifamily Housing Property Tax Exemption Program; amending Section 5.73.070 of the Seattle Municipal Code to temporarily allow certain extensions of the Multifamily Housing Property Tax Exemption program completion deadline as permitted by state law; and ratifying and confirming certain prior acts.

**Summary and background of the Legislation:** The legislation allows owners of projects delayed by COVID-19 five additional years by which time a Certificate of Occupancy must be issued, for a total of ten years total from time of application. This amendment is authorized by SB 5287, passed during this year’s state legislation session, and allows projects to proceed under old MFTE requirements (i.e. Program 4 or 5, depending on the date of the original application). Given the proposed conditions, Owners of approximately five projects or fewer are likely to pursue extensions to allow the maximum ten year timeline for project completion.

**2. CAPITAL IMPROVEMENT PROGRAM**

**Does this legislation create, fund, or amend a CIP Project?** \_\_\_ Yes  No

**3. SUMMARY OF FINANCIAL IMPLICATIONS**

**Does this legislation amend the Adopted Budget?** \_\_\_ Yes  No

**Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?**

There are two ways to evaluate the MFTE program’s tax impacts and cost. The first and simplest approach quantifies the amount of exempted property tax burden – that is, the amount of property tax that MFTE property owners collectively avoid in a given year due to offering income and rent-restricted set-aside units. Other (non-exempt) taxpayers absorb this tax burden. The second way of evaluating MFTE’s tax impacts and cost considers the amount of net new property tax revenue that MFTE properties’ new construction value would have generated absent MFTE. As intended under State law, the majority of that potential revenue is forgone when MFTE properties’ new construction value is excluded from the tax base for the duration of the exemption period. The remainder of the net new revenue is collected, with the associated net new tax burden shifted to other taxpayers.

**Is there financial cost or other impacts of *not* implementing the legislation?**

No

**3.a. Appropriations**

This legislation adds, changes, or deletes appropriations.

**3.b. Revenues/Reimbursements**

This legislation adds, changes, or deletes revenues or reimbursements.

**Anticipated Revenue/Reimbursement Resulting from this Legislation:**

<b>Fund Name and Number</b>	<b>Dept</b>	<b>Revenue Source</b>	<b>2021 Revenue</b>	<b>2022 Estimated Revenue</b>
16600 / Office of Housing Operating Fund	OH	\$500 per extension request	\$2,500	\$0
<b>TOTAL</b>				

**Is this change one-time or ongoing?**

This is a one-time change; applicants may only apply for the additional five-year extension by September 30, 2021.

**Revenue/Reimbursement Notes:**

Revenue estimates assume owners of five different projects apply for an additional five-year extension. This is at the high end of what OH anticipates in terms of interest in the extension, given the conditions on which it may be granted.

**3.c. Positions**

This legislation adds, changes, or deletes positions.

**4. OTHER IMPLICATIONS**

**a. Does this legislation affect any departments besides the originating department?**

No

**b. Is a public hearing required for this legislation?**

No

**c. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**

No

**d. Does this legislation affect a piece of property?**

No

**e. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?** Because MFTE properties utilizing the additional 5 year extension will remain vested under older, less affordable versions of the program, MFTE units in those properties will be less affordable to members of vulnerable and historically disadvantaged communities than they would have been were owners to pursue exemptions according to the requirements currently required by SMC 5.73. However, if this legislation is not approved, property owners impacted by Covid may elect to move forward with development without MFTE. In that case, property taxes will not be shifted or foregone, but no units in properties delayed by Covid would have restricted rents. Rent limits under prior iterations of SMC Chapter 5.73 were closer to market-rate, notably for SEDUs, but the absence of rent caps could similarly reduce the ability of households from vulnerable or historically disadvantaged communities to lease units in the buildings.

**f. Climate Change Implications**

**1. Emissions: Is this legislation likely to increase or decrease carbon emissions in a material way?**

No

**2. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.**

No

**g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s). N/A**

**List attachments/exhibits below:**