



Legislation Text

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File #: Res 32090, Version: 1

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**CITY OF SEATTLE**

**RESOLUTION \_\_\_\_\_**

A RESOLUTION of intention to establish a new Metropolitan Improvement District (MID) and fix a date and place for a hearing thereon.

WHEREAS, the owners of commercial properties, multifamily residential, and mixed-use properties that are subject to nearly 66 percent of the special assessments that would be assessed upon the establishment of a Business Improvement Area filed a petition with The City of Seattle pursuant to chapter 35.87A RCW, and said petition is filed in Clerk File 322591; and

WHEREAS, the City Council has reviewed the petition and letters of support, and determined it is in the best interests of the City to proceed, as permitted by chapter 35.87A RCW, under the resolution method of creating a Business Improvement Area instead of the petition method, and

WHEREAS, the City Council introduced Resolution 32089 on March 28, 2023, initiating the Metropolitan Improvement District (MID); and

WHEREAS, the City Council wishes to declare its intent to establish a Metropolitan Improvement District (MID), and to set a public hearing for the public and all affected persons to consider its establishment;

NOW, THEREFORE,

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE THAT:**

Section 1. The City Council of The City of Seattle declares its intention to establish a new Metropolitan Improvement District (MID) in accordance with chapter 35.87A RCW.

Section 2. The MID shall be within the following boundaries as shown on the map attached to this resolution as Exhibit A and described in this section. When a street or alley is named, the area boundary is the

centerline of the right-of-way including vacated portions unless otherwise specified in the description.

**The Metropolitan Improvement District Area:**

- From the corner of Elliott Avenue and Denny Way, proceed west to Elliott Bay [excluding Myrtle Edwards Park]; then proceed
- South along the waterfront to Alaskan Way and Broad Street; then proceed
- South along Alaskan Way, including the piers and/or properties abutting the west side of Alaskan Way, to South Dearborn St; then proceed
- East to 1st Ave South; then proceed
- South to South Royal Brougham Way, including properties abutting the west side of 1st Ave South to Alaskan Way South; then proceed
- East to Occidental Avenue South; then proceed
- North on Occidental Avenue South to South King Street; then proceed
- East on South King Street, including properties abutting the south side of South King Street to 4th Avenue South; then proceed
- North on 4th Avenue South to South Washington Street; then proceed
- East on South Washington Street to 6th Avenue South; then proceed
- North along 6th Avenue South and 6th Avenue to Jefferson Street; then proceed
- North along Interstate-5 to Denny Way [excluding Freeway Park]; then proceed
- West along Denny Way and West Denny Way to Elliott Avenue.

In case of a conflict between the descriptions of the areas and the map, the descriptions shall control.

Section 3. Programs. Special assessment revenues shall be used for the following component programs within the Business Improvement Area:

- A. Cleaning and Maintenance Services;
- B. Community Safety, Hospitality, and Outreach Services;

- C. Public Events and Beautification of Public Spaces;
- D. Economic Development, Advocacy and other Planning Services;
- E. Promotion, Marketing and Communication Services;
- F. Transportation and Parking Support; and
- G. Program Management.

All such activities are supplemental to programs and services provided by the City and are not intended to displace any services regularly provided by municipal government. The total projected cost of MID programs that will be paid for with the proposed MID's assessments in the fiscal year of 2023-2024 is estimated to be approximately \$18.3 million. This will also be the approximate amount in subsequent years as adjusted by various factors including, but not limited to, inflation and other impacts to the total level of assessment due to factors discussed in the assessment formula.

Section 4. There shall be an advisory board whose membership is comprised of ratepayers representative of the entire geography and variety of sizes in the Metropolitan Improvement District. The composition of the Board shall be representative of the varying sizes and types of property owners, residents, and business tenants, within the geographic area of the Metropolitan Improvement District and may include public agencies.

Section 5. Levy of special assessments. To finance the programs authorized in Section 3 of this resolution, a ten-year special assessment shall be levied upon and collected from the owners of commercial property, multifamily residential property (buildings containing four or more residential units), and mixed-use property (multifamily residential and commercial) located within the boundaries of the Metropolitan Improvement District (MID) described in Section 2 of this resolution. Initial assessment calculations will be based on property information from the King County Assessor's Office for Value Year 2021/Tax Year 2022. The MID shall annually update records based on data and information from King County and the City. Ratepayers shall be assessed by the City in ten annual installments to be billed semi-annually beginning in the year of the

authorization (2023), by applying the following assessment rates to each ratepayer:

A. Base Year Assessment =  $(\$0.45 \times \text{Land Square Footage}) + (\$0.37 \times (\text{Total Taxable Value (Land + Improvements)} / \$1,000))$ . Records for the assessment calculation are based on information provided by the King County Assessor's Office. This calculation is called the "Base Formula." Modifications or limitations to these assessments are described below.

B. Building Square Footage Ceiling. For any individual parcel for which the Floor Area Ratio (FAR=Net Building Square Footage/Land Square Footage) is greater than 0.5, no Base Year assessment shall exceed an amount equal to  $(\$0.24 \times \text{Net Building Square Footage})$ . This rate is called the "Building Square Footage Ceiling."

C. For the following special classifications of Ratepayers (using King County Assessor's Present Use Code) and where more than 75 percent of a property's total net building square footage is designated a hotel, parking or residential section use code, a Special Assessment Ceiling Rate as set forth below shall be applied to the Base Year Assessment to determine the rate most reflective of benefit for that particular class of Ratepayer:

1. Hotel Room Ceiling. The hotel room ceiling shall be \$112 in the first assessment year; \$125 in the second assessment year and adjusted by an inflationary factor as set forth in Section 5(G)(3) of this resolution in the second through tenth assessment years.

2. Residential Unit Ceiling. The residential unit ceiling shall be \$175 in the first assessment year; \$195 in the second assessment year and also adjusted by an inflationary factor as set forth in Section 5(G)(3) of this resolution in the second through tenth assessment years.

3. Surface Parking Ceiling:  $(\$0.81 \times (\text{Total Appraised Value} / \$1,000))$ .

D. If the Total Appraised Value and Total Taxable Value in the King County Assessor's records are not equal, then using the King County Assessor's notations about "Tax Value Reason" (TVR), nonprofit rates or other special criteria may apply under the following rules:

1. If TVR is "OP" (Operating Property), then use Appraised Value.

2. If TVR is “HP” (Historic Property), then use Taxable Value.

3. If TVR is “NP” (Nonprofit Org.), and the property is in nonprofit use, then use Taxable Value and calculate the MID Assessment as 25 percent of the Base Formula. Twenty-five percent of the Base Formula is called the Nonprofit Rate.

4. If TVR is “EX” or “MX” (Exempt from Taxes), then review the property in detail, and:

a. If the property is owned and operated by a governmental organization, and in governmental use, then it is exempt from mandatory MID assessment.

b. If the property is owned and operated by a nonprofit organization in nonprofit use, the MID Assessment is calculated using Taxable Value and the Nonprofit Rate.

c. If the property is operated by a for-profit organization, the MID Assessment is calculated using Appraised Value.

5. If TVR is blank, then use Taxable Value.

E. When more than one Assessment Ceiling Rate applies to a single parcel, Ratepayers shall pay the lesser of the applicable Assessment Ceilings.

F. Properties owned by governmental entities and public utilities will not be assessed except as provided in Section 5(D) of this resolution.

G. To maintain the current level of services and increase benefits provided by MID, annual assessment rate increases shall be applied consistent with this subsection.

1. Assessments in the second through fifth years, as adjusted pursuant to this subsection, shall be based upon the same property values as in the first assessment year. In the sixth assessment year (2028-2029), the base formula shall be calculated using the most recent Total Appraised Value, Total Taxable Value, Land Square Footage, Net Building Square Footage, and other information from the King County Assessor’s Office.

2. Assessments in the sixth, seventh, eighth, ninth, and tenth assessment years, as adjusted pursuant to this subsection, shall be based upon the same property values as in the sixth assessment year.

3. After the first assessment year, the Land Square Footage rate, and the ceilings for Building Square Footage, Hotel Room, and Residential Unit rates shall be adjusted by an Inflationary Factor, which will be equal to the change in the annual Consumer Price Index for All Urban Consumers in Seattle-Tacoma-Bellevue (“CPI”) but no less than 2.5 percent and no greater than 5 percent.

4. After the first assessment year, the value portion of the prior year’s base assessment calculation shall be adjusted by an Inflationary Factor, which will be equal to the change in the annual Consumer Price Index for All Urban Consumers in Seattle-Tacoma-Bellevue (“CPI”) but no less than 2.5 percent and no greater than 5 percent.

5. Notwithstanding the provisions of this subsection, the following shall apply:

a. The Base Formula rate for the Total Taxable Value portion of the calculation will not exceed \$0.37.

b. The Base Formula rate for the Land Square Footage portion of the calculation will not exceed  $\$0.45 \times$  the cumulative Inflationary Factor.

c. The Building Square Footage Ceiling will not exceed  $\$0.21 \times$  the cumulative Inflationary Factor.

d. The Hotel Room Ceiling will not exceed  $\$125.00 \times$  the cumulative Inflationary Factor.

e. The Residential Unit Ceiling will not exceed  $\$195.00 \times$  the cumulative Inflationary Factor.

f. The Surface Parking Ceiling will not exceed  $\$0.81 \times$  the cumulative Inflationary Factor.

H. New benefit areas shall be added to the assessment roll on an annual basis, as follows. A “new benefit area” is created when a parcel’s net building square footage increases as a result of either a new building or expansion of an existing building. A new benefit area shall be added to the MID assessment roll following its inclusion in the King County Assessor assessment roll during the preceding year. The new benefit area shall be

assessed according to the Base Formula factors and Assessment ceiling rates in effect during the assessment year. A new benefit area will continue to have its value updated to the most current year value until it is designated as 100 percent complete and no new dollars are added by the King County Assessor's Office. The formula for a new benefit area will be calculated using the new King County Assessor's values in the Base Formula multiplied by the annual CPI Factor in effect. New Business Improvement Area (BIA) assessments will be billed at the next regularly scheduled billing period established by the Director of Treasury Services.

I. Multifamily Tax Exemption (MFTE). If a property is owned by a for-profit entity and qualifies for the MFTE from the City, the Base Year Assessment will be calculated using the Total Appraised Value upon 100 percent completion of the building and/or authorization of MFTE.

J. Rate changes. Changes in assessment rates other than as described in this section shall only be authorized by ordinance consistent with RCW 35.87A.140 and with the approval of the BIA Advisory Board and shall not occur more than one time per year.

Section 6. A hearing shall be held on this matter before the Economic Development, Technology, and City Light Committee in the City Council Chamber, City Hall, 600 Fourth Avenue, 2nd Floor, Seattle, Washington 98104 on April 12, 2023, at 9:30 a.m., or as soon thereafter as the same may be heard. The City Council will hear all protests and receive all evidence for or against the proposed action.

Section 7. The City Clerk is requested to publish this resolution of intention in a newspaper of general circulation in Seattle and mail a complete copy of this resolution to each prospective ratepayer within the proposed area at least ten days prior to the hearing. The notice shall include a statement that a copy of the proposed ordinance, with attachments, may be examined electronically at <http://www.seattle.gov/leg/clerk/>, or in paper form at the Office of the City Clerk, City Hall, 600 Fourth Avenue, 3rd Floor, Seattle, Washington 98104, or will be mailed upon request.

Adopted by the City Council the \_\_\_\_\_ day of \_\_\_\_\_, 2023, and signed by  
me in open session in authentication of its adoption this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

\_\_\_\_\_  
President \_\_\_\_\_ of the City Council

Filed by me this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

\_\_\_\_\_  
Elizabeth M. Adkisson, Interim City Clerk

(Seal)

Attachments:  
Attachment A - Proposed MID Boundaries