



Legislation Text

File #: CB 119537, Version: 2

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

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.

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

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

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

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

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

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

B. No later than 90 days prior to the building being listed or advertised, the owner shall prominently post a notice in the building that states the owner's intent to sell the building. The notice shall be posted in a

location that is clearly visible to building tenants. The notice shall include information prepared by OH that describes funding that might be available to help tenants purchase the building. The notice shall refer tenants to the City's website for renters that could provide helpful information on potential programs to assist tenants in the event of a sale.

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

D.

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

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

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

owner may list or advertise the building for sale, offer the building for sale or sell the building.

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

E.

1. For buildings having five or more housing rental units, no later than 30 calendar days after the owner has submitted and posted the notices required by this Section 22.907.030, OH, SHA, a tenant (or tenant group), or a qualified non-profit housing developer having notice of the potential sale may notify the owner and OH of its interest in purchasing the building. If none of these entities or individuals notify the owner and OH of its interest in purchasing the building within that 30 calendar day period, the owner may list or advertise the building for sale, offer the building for sale, or sell the building.

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

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

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

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

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

22.907.100 Penalties

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

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

Section 4. The Office of Housing will facilitate workshops for tenant groups, non-profit housing developers, community organizations, housing financing entities, realtors and commercial brokers, and owners

of rental housing to discuss how to facilitate the timely sale of buildings to interested parties, including the provision of technical assistance to tenant groups, non-profit housing developers, and other organizations so that they are prepared to submit offers to purchase multifamily buildings that are listed for sale

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

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

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

President _____ of the City Council

Approved by me this _____ day of _____, 2019.

Jenny A. Durkan, Mayor

Filed by me this _____ day of _____, 2019.

Monica Martinez Simmons, City Clerk

(Seal)