



Seattle City Council

Central Staff - Memorandum

Date: September 23, 2015

To: Members of Housing Affordability, Human Services and Economic Resiliency Committee

From: Traci Ratzliff, Council Central Staff

Subject: Council Proposed Amendments to CB 118505 Renewal and Modifications to the Multifamily Tax Exemption (MFTE) Program

On September 24, the Housing Affordability, Human Services and Economic Resiliency Committee will discuss and vote on Executive-proposed legislation that re-authorizes the Multifamily Tax Exemption (MFTE) Program and makes a number of other changes to the program. My memo dated September 11, summarized the key changes included in the proposed legislation. This memo describes two Council-proposed amendments to this legislation that will be discussed at the upcoming committee meeting: (1) an amendment sponsored by Councilmember O’Brien to scale the required number of units with two or more bedrooms to the size of the project and (2) an amendment sponsored by Councilmember Licata to modify annual reporting requirements by program participants.

Minimum Number of Family-sized Units – O’Brien

The proposed legislation establishes different affordable unit set-asides for projects with fewer than four units with two or more bedrooms (Small Unit Program), and projects with four or more dwelling units with two or more bedrooms (Family Size Unit Program).

Projects that include a minimum of four units with two or more bedrooms are permitted to set aside a lower percentage of affordable units than projects that include fewer than four units with two or more bedrooms. The Office of Housing anticipates that this lower set-aside requirement for projects that include two bedroom units will act as an incentive to developers to include such units in their projects. The minimum number of units with two or more bedrooms required to qualify for the Family Size Unit Program is the same regardless of the total number of units in the project. See below for current and proposed changes.

Affordability Requirements	Current Program	New Family Size Unit Program (projects with 4 or more 2+ bedroom units)	New Small Unit Program (projects with fewer than 4, 2+ bedroom units)
Affordable Unit Set-Aside	20% of all unit types, 25% for SEDUs*	20% of all units	25% of all units
Maximum Area Median Income (AMI) for Affordable Units by Unit	SEDU – 40% Studio – 65% 1 BR – 75%	Unchanged, except add: Congregate Units –	Unchanged, except add: Congregate Units –

Type	2 BR – 85%	40% AMI 3 BR – 90% AMI	40% AMI 3 BR – 90% AMI
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*SEDUs – Small Efficiency Dwelling Units

Councilmember O’Brien is proposing an amendment changing the minimum number of units with two or more bedrooms required to qualify for the lower set-aside requirement associated with the New Family Size Unit Program. Under the proposed amendment, as the total number of units in the project rises, the number of units with two or more bedrooms also increases, as shown in the table below. See Attachment 1 for proposed amendment.

Total Number of Units in the Project	Minimum Number of Required Dwelling Units with Two or More Bedrooms
Less than or equal to 100	4
101 to 150	6
151 to 200	8
201 to 250	10
251 to 300	12
More than 300	12, plus 2 for every additional 50 Dwelling Units or housing units in a Congregate Residence

Reporting Requirements - Licata

The proposed legislation expands the reporting requirements for owners of MFTE projects to assure compliance with program requirements. This includes a new requirement that owners of rental projects obtain annual certification of family size and family income for each income-eligible tenant living in the designated affordable units. This information must be provided to the City as part of the required annual report, during the time the project is receiving the tax exemption.

Councilmember Licata is proposing an amendment that would require a new report for owners of rental projects. The new report would only require information on the current rent levels being charged for the units that were designated as Affordable Units in the final year of the tax exemption. The report would be submitted to OH one year after the tax exemption ended on the project. This information would be used to understand whether rents on previously affordable units are increased and, if so, to what extent, once the tax exemption ends on a project. See Attachment 2 for proposed amendment.

Please let me know if you have any questions about the information included in this memo. I can be reached at 4-8153.

Attachments: Councilmember O’Brien’s proposed amendment
Councilmember Licata’s proposed amendment