

**CITY OF SEATTLE**  
**ORDINANCE** 127016  
COUNCIL BILL 120772

AN ORDINANCE relating to the Multifamily Housing Property Tax Exemption Program; amending Section 5.73.090 and Section 5.73.120 of the Seattle Municipal Code to allow extension of tax exemptions scheduled to expire on December 31, 2024.

WHEREAS, chapter 84.14 RCW authorizes local jurisdictions to provide 12-year multifamily property tax exemptions if, at a minimum, the owner agrees to meet the locally adopted affordability requirements for new projects, consistent with chapter 84.14 RCW, as applicable at the time of application for an exemption; and

WHEREAS, chapter 84.14 RCW authorizes local jurisdictions to extend multifamily property tax exemptions for an additional 12 years if, at a minimum, the owner agrees to satisfy locally adopted requirements that are no less restrictive than those for new projects receiving a property tax exemption, as applicable at the time of application for an extension; and

WHEREAS, chapter 84.14 RCW states that requirements for a multifamily property tax exemption should be relative to the size of the project and value of the property owner's tax benefit; and

WHEREAS, Chapter 5.73 of the Seattle Municipal Code, 2004 Multifamily Housing Property Tax Exemption Program ("MFTE Program"), was adopted by Ordinance 121415 and amended by Ordinances 121700, 121915, 122730, 123550, 123727, 124724, 124877, 124919, 125932, 126392, 126443, and 126792; and

WHEREAS, the MFTE Program authorized extended tax exemptions for eligible properties, for which tax exemptions expired at the end of the years 2021, 2022, and 2023; and

1 WHEREAS, on December 31, 2024, property tax exemptions are set to expire for 15 for-profit-  
2 owned multifamily rental properties, in which 342 of approximately 1,670 units are  
3 currently income- and rent-restricted; and

4 WHEREAS, the Seattle Office of Housing may not approve extension of property tax  
5 exemptions set to expire in 2024, even if requested by owners of those tax-exempt  
6 multifamily properties, without amending Sections 5.73.090 and 5.73.120 of the Seattle  
7 Municipal Code by City Council by ordinance; NOW, THEREFORE,

8 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

9 Section 1. Section 5.73.090 of the Seattle Municipal Code, last amended by Ordinance  
10 126792, is amended as follows:

11 **5.73.090 Exemption—Duration—Limits**

12 \* \* \*

13 D. Extended property tax exemption

14 1. As authorized by RCW 84.14.020(6), the Director may approve an extended  
15 exemption of the value of renter-occupied multifamily housing qualifying under this Chapter  
16 5.73 from ad valorem property taxation for up to a total of 12 successive years beginning January  
17 1 of the year immediately following the calendar year that the original 12-year exemption expires  
18 according to subsection 5.73.090.A if the owner is in compliance with the MFTE agreement for  
19 the property's initial 12-year exemption from property taxes for the multifamily housing  
20 according to subsection 5.73.090.A and that exemption expires on (~~December 31, 2023~~)

21 December 31, 2024, provided that:

22 a. A written request for an extended exemption is received by the Office of  
23 Housing no later than (~~June 30, 2023~~) July 31, 2024; and

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b. The written request includes:

1) A brief written description of the project and a plan set that includes gross floor area by use, site plan, and standard floor plans for units in the multifamily housing;

2) For each residential unit in the multifamily housing, the unit number, floor plan, net unit area measured in square feet, location by floor level, location by building if the multifamily housing consists of multiple structures, status as either a market-rate unit or MFTE unit, occupancy status, and current rent (according to the lease if occupied or asking rent if vacant), all in a form as prescribed by the Office of Housing;

3) A copy of the current rent roll for the multifamily housing;

4) A statement from the owner acknowledging the potential tax liability of the multifamily housing;

5) A recent title report documenting the legal description and ownership of the property that includes the multifamily housing, documentation satisfactory to the Director of the type and organizational structure of the owner, a sample signature block for the owner, and evidence satisfactory to the Director of authority of the owner representative that signed the MFTE extension request; and

6) A non-refundable check payable to The City of Seattle in the amount of \$10,000 if fewer than 75 percent of the total residential units in the multifamily housing are rent- and income-restricted, or \$4,500 if at least 75 percent of the total residential units in the multifamily housing are rent- and income-restricted.

1                   2. A new contract shall be executed on the title of the property that includes the  
2 multifamily housing committing the owner to requirements according to this Chapter 5.73,  
3 except that:

4                               a. MFTE units shall be promptly leased at affordable rents to eligible  
5 households with annual incomes at or below 30 percent of median income for compact units in  
6 multifamily housing that also includes units larger than compact units, at or below 40 percent of  
7 median income for compact units in multifamily housing with no units larger than compact units,  
8 at or below 50 percent of median income for studio units, at or below 60 percent of median  
9 income for one-bedroom units, at or below 75 percent of median income for two-bedroom units,  
10 and at or below 80 percent of median income for three-bedroom and larger units.

11                               b. The contract shall allow multifamily housing to transition to  
12 compliance with subsection 5.73.090.D.2.a, consistent with subsection 5.73.090.D.6.

13                   3. For properties with 12-year exemptions scheduled to expire on (~~December 31,~~  
14 ~~2023~~) December 31, 2024, the owner shall:

15                               a. (~~Deliver prior~~) No later than July 31, 2024, provide written notice to  
16 all tenants of MFTE units of owner's intent to pursue a 12-year extension of the property tax  
17 exemption;

18                               b. (~~Initiate annual~~) For each MFTE unit tenant household without an  
19 annual income certification in the calendar year the exemption is set to expire, initiate income  
20 verification (~~for each MFTE unit tenant household~~) no later than (~~June 30, 2023~~) July 31,  
21 2024; and

1 c. Provide to the Office of Housing verification of the annual income of  
2 the tenant household for each MFTE unit according to Section 5.73.105 by (~~September 30,~~  
3 ~~2023~~) October 31, 2024.

4 4. The minimum number of MFTE units as a share of total residential units in the  
5 multifamily housing shall be the same as according to the property's initial MFTE agreement  
6 (i.e., 20 percent or 25 percent).

7 5. Upon approval of an extended tax exemption according to this Chapter 5.73,  
8 the Director shall file a Final Certificate with the Assessor. The owner shall be responsible for  
9 any administrative fees charged by the Assessor.

10 6. To allow ongoing occupancy of MFTE units by existing tenants who, while  
11 they qualify as eligible households under pre-extension contracts, do not qualify as eligible  
12 households according to subsection 5.73.090.D.2.a, and to steadily transition multifamily  
13 housing to full compliance with extended exemption requirements, the following provisions  
14 apply:

15 a. For each MFTE unit, the affordable rent according to the current  
16 tenant's lease agreement as of January 1 of the calendar year subsequent to expiration of the  
17 initial 12-year property tax exemption and thereafter shall be:

18 1) No greater than according to subsection 5.73.090.D.2.a if the  
19 annual income of the tenant household, as verified according to Section 5.73.105, is less than one  
20 and one-half times the limit for the MFTE unit according to subsection 5.73.090.D.2.a; or

21 2) No greater than 65 percent of median income for compact units  
22 and studio units, no greater than 75 percent of median income for one-bedroom units, and no  
23 greater than 85 percent of median income for two-bedroom and larger units, provided the annual

1 income of the tenant household, as verified according to Section 5.73.105, is less than one and  
2 one-half times 65, 75, or 85 percent of median income depending on the MFTE unit type, as  
3 applicable, and at least one and one-half times the limit for the MFTE unit according to  
4 subsection 5.73.090.D.2.a; or

5 3) According to subsection 5.73.105.B if the annual income of the  
6 tenant household, as verified according to Section 5.73.105, equals or exceeds one and one-half  
7 times 65 percent of median income for compact units and studio units, one and one-half times 75  
8 percent of median income for one-bedroom units, or one and one-half times 85 percent of  
9 median income for two-bedroom and larger units.

10 b. Each vacant MFTE unit shall be promptly leased at an affordable rent to  
11 an eligible household according to subsection 5.73.090.D.2.a.

12 c. From the date an MFTE unit first satisfies requirements for an extended  
13 exemption under subsection 5.73.090.D.2.a until the end of the compliance period, requirements  
14 according to subsection 5.73.090.D.2.a shall apply.

15 \* \* \*

16 Section 2. Section 5.73.120 of the Seattle Municipal Code, last amended by Ordinance  
17 126792, is amended as follows:

18 **5.73.120 Expiration of program**

19 ~~((The))~~ Except for extension of property tax exemptions as authorized in subsection 5.73.090.D,  
20 tax exemption program established by this Chapter 5.73 shall ~~((expire))~~ sunset on December 31,  
21 2024, unless extended by the City Council by ordinance. ~~((Upon expiration))~~ After the program  
22 sunsets, no ~~((additional))~~ new MFTE applications under Section 5.73.050 shall be accepted.

1 Pending Conditional Certificates and Final Certificates shall be processed as provided according  
2 to this Chapter 5.73.

3 Section 3. This ordinance shall take effect as provided by Seattle Municipal Code  
4 Sections 1.04.020 and 1.04.070.

5 Passed by the City Council the 30th day of April, 2024,  
6 and signed by me in open session in authentication of its passage this 30th day of  
7 April, 2024.

8 

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

Approved /  returned unsigned /  vetoed this 8th day of May, 2024.

10 

11 Bruce A. Harrell, Mayor

12 Filed by me this 8th day of May, 2024.

13 

14 Scheereen Dedman, City Clerk

15 (Seal)