

## SUMMARY and FISCAL NOTE

<b>Department:</b>	<b>Dept. Contact:</b>	<b>CBO Contact:</b>
Legislative	Traci Ratzliff/ Jennifer LaBrecque 684-8153	Nick Tucker

### 1. BILL SUMMARY

**Legislation Title:** AN ORDINANCE relating to the Multifamily Housing Property Tax Exemption Program; amending Section 5.73.120 of the Seattle Municipal Code to extend the program's sunset date to March 31, 2025.

#### **Summary and Background of the Legislation:**

The Multi-Family Tax Exemption Program (MFTE) provides a tax exemption on the residential improvement portion of a development in return for the property owner agreeing to income and rent restrictions on a percentage of units. MFTE is authorized under RCW 84.14 and implemented locally. City Council first approved the program in 1998 and it has been reauthorized six times since then. The current version of the program, called MFTE Program 6, sunsets on December 31, 2024. This legislation extends the sunset date to March 31, 2025. The Office of Housing (OH) has indicated that they intend to submit legislation in early 2025 to reauthorize the program after conducting a thorough analysis and review of the program.

### 2. CAPITAL IMPROVEMENT PROGRAM

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

If yes, please fill out the table below and attach a new (if creating a project) or marked-up (if amending) CIP Page to the Council Bill. Please include the spending plan as part of the attached CIP Page. If no, please delete the table.

### 3. SUMMARY OF FINANCIAL IMPLICATIONS

**Does this legislation have financial impacts to the City?**  Yes  No

If there are no projected changes to expenditures, revenues, or positions, please delete the table below.

#### 3.d. Other Impacts

MFTE has two types of tax impacts:

- Shifted taxes, which increases property taxes for other tax payers; and
- Forgone taxes, which is tax revenue that the City and other taxing jurisdictions never collect due to the tax exemption

This legislation simply extends the sunset date for the current MFTE Program by 3 months, so it is difficult to estimate the number of projects that would apply during that three months that otherwise would not have, nor what shifted and forgone tax impact would be of those unknown number of projects.

OH plans to submit legislation to fully reauthorize MFTE in early 2025. OH plans to provide an analysis of the shifted and forgone impacts of MFTE when they submit that legislation, so the fiscal note and summary for that legislation will contain a more substantial discussion of the fiscal impacts.

#### **4. OTHER IMPLICATIONS**

- a. Please describe how this legislation may affect any departments besides the originating department.** No impact on any other department
- b. Does this legislation affect a piece of property? If yes, please attach a map and explain any impacts on the property. Please attach any Environmental Impact Statements, Determinations of Non-Significance, or other reports generated for this property.** No impact on a piece of property.
- c. Please describe any perceived implication for the principles of the Race and Social Justice Initiative.**
  - i. How does this legislation impact vulnerable or historically disadvantaged communities? How did you arrive at this conclusion? In your response please consider impacts within City government (employees, internal programs) as well as in the broader community.** OH will be provide an analysis of race and social justice implications of the MFTE program as part of the analysis accompanying the reauthorization legislation to be submitted in early 2025.
  - ii. Please attach any Racial Equity Toolkits or other racial equity analyses in the development and/or assessment of the legislation.** N/A
  - iii. What is the Language Access Plan for any communications to the public?** N/A
- d. Climate Change Implications**
  - i. Emissions: How is this legislation likely to increase or decrease carbon emissions in a material way? Please attach any studies or other materials that were used to inform this response.** No impact
  - ii. 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 impact
- e. 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)? What mechanisms will be used to measure progress towards meeting those goals?** Not applicable

## 5. CHECKLIST

Please click the appropriate box if any of these questions apply to this legislation.

- Is a public hearing required?**
- Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required?**
- If this legislation changes spending and/or revenues for a fund, have you reviewed the relevant fund policies and determined that this legislation complies?**
- Does this legislation create a non-utility CIP project that involves a shared financial commitment with a non-City partner agency or organization?**  
If yes, please review requirements in Resolution 31203 for applicability and complete and attach "Additional risk analysis and fiscal analysis for non-utility partner projects" form.

## 6. ATTACHMENTS

**List Summary Attachments (if any):** None