

**Amendment A Version 1 to CB 121055 – Multifamily Tax Exemption Program (MFTE)
Reauthorization Ordinance**

Sponsor: Councilmember Solomon

Add a policy regarding demolition of units, eliminate the later extension application deadline for 2025 expiring projects, and eliminate provision allowing units in extending properties to maintain their original unit designation.

Effect: This amendment would make the following changes:

- Bring CB 121055 in compliance with RCW 84.14.040(5)(c), which requires that local governments utilizing MFTE must establish requirements addressing demolition of existing structures.
- Eliminates the provision establishing a later application deadline for 2025 expiring projects to apply for an extension, since that deadline is moot.
- Eliminates a provision allowing extending project to opt to maintain their unit designation, in order to achieve compliance with the RCW authorizing MFTE.

1. Amend Section 2, 5.73.040.A of CB 121055 to create a new subsection 5.73.040.A.11 as follows:

5.73.040 Eligibility

...

A. General requirements

...

11. If the construction of a new residential building results in the demolition of an existing residential building that is subject to the City's tenant relocation assistance requirements under Chapter 22.210, the owner must demonstrate compliance with Chapter 22.210.

2. Amend Section 2, 5.73.090.C.1 of CB 121055 as follows:

5.73.090 Exemption—Duration—Limits

A. . . .

...

~~((D-))~~ C. Extended property tax exemption

1. ~~((As authorized by RCW 84.14.020(6), the Director may approve))~~ The owner may apply for an extended exemption of the value of ((renter occupied)) qualifying multifamily rental housing ((qualifying under this Chapter 5.73)) from ad valorem property taxation for up to a total of 12 successive years beginning January 1 of the year immediately following the calendar year that the original 12-year exemption expires according to subsection 5.73.090.A ((if the owner is in compliance with the MFTE agreement for the property's initial 12-year exemption from property taxes for the multifamily housing according to subsection 5.73.090.A and that exemption expires on December 31, 2025, provided that:)) if the Office of Housing receives an application to extend MFTE for an additional 12 years, on a form provided by the Office of Housing, no later than May 1 of the scheduled expiration year, ~~except owners with exemptions expiring in 2025 may apply to extend MFTE by November 1, 2025 under the requirements of this ordinance. Property owners with exemptions expiring in 2025 must achieve full compliance with the requirements of this ordinance by June 30, 2027.~~

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3. Amend Section 2, 5.73.090.C.5 of CB 121055 as follows:

5.73.090 Exemption—Duration—Limits

A. . . .

...

~~((D-))~~ C. Extended property tax exemption

...

~~((2.A))~~ 5. If the MFTE extension application is approved, a new ((contract)) MFTE agreement shall be executed and recorded on the title of the property that includes the multifamily housing committing the owner to requirements according to this Chapter 5.73, except that:

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

median income for three bedroom and larger units.)) five percentage points lower than the limits according to subsection 5.73.040.B.4, except that the limits may not exceed 80 percent of median income per RCW 84.14.020 and studios greater than 320 square feet are regulated at 60 percent of median income; and

b. The ((contract)) MFTE agreement shall ((allow multifamily housing to transition to compliance with subsection 5.73.090.D.2.a)) consider current MFTE unit tenants income eligible as determined according to subsection 5.73.090.C.6.b, consistent with ((subsection 5.73.090.D.6)) subsection 5.73.090.C.9.

~~c. The owner or owner representative may elect to retain the existing MFTE units and unit classification. If an existing tenant is found to be no longer an eligible household per Section 5.73.105, the requirements in Section 5.73.105 regarding identification of another comparable unit apply.~~

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