

**CITY OF SEATTLE**  
**RESOLUTION 31494**

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3 A RESOLUTION stating the City Council's intent to amend Seattle Municipal Code Chapter  
4 5.73, the 2004 Multifamily Housing Property Tax Exemption Program.

5 WHEREAS, Ordinance 119237, enacted in 1998 and amended by Ordinances 119371 and  
6 120135, established Chapter 5.72 of the Seattle Municipal Code, the City's original  
7 Multifamily Housing Property Tax Exemption (MFTE) Program, which expired in 2002;  
8 and

9 WHEREAS, Chapter 5.73 of the Seattle Municipal Code, which established a second MFTE  
10 Program, was adopted in 2004 by Ordinance 121415 after the City's original MFTE  
11 Program expired; and

12 WHEREAS, Chapter 5.73 of the Seattle Municipal Code was subsequently amended by  
13 Ordinances 121915, 122730, 123550 and 123727; and

14 WHEREAS, since 1998, the geographic scope of the City's MFTE Programs has expanded from  
15 eight Residential Targeted Areas (RTAs) to 39 RTAs and the number of MFTE Program  
16 goals has increased from seven to nine, some of which are potentially conflicting; and

17 WHEREAS, in September 2012, the Office of the City Auditor completed an audit of the MFTE  
18 Program and found that "most of the [MFTE Program's] goals do not have associated  
19 performance measures" and "because there are no performance measures it is difficult to  
20 determine whether or when certain goals are being achieved"; and

21 WHEREAS, the 2012 audit also found that it is not clear that the MFTE Program stimulates  
22 development and that as of 2010, more than 40% of the RTAs with 2024 residential  
23 growth targets had exceeded 50 percent of their growth targets with 14 years left to  
24 achieve the balance; and

25 WHEREAS, the 2012 audit also recommended that "the City should consider whether  
26 stimulating construction is an appropriate MFTE program goal, which can be measured  
27 and assessed for compliance" and "whether it wants to limit the number of Residential  
Targeted Areas where MFTE housing can be built to areas that have made little progress  
in meeting their residential growth targets and could benefit from housing, economic  
development and revitalization"; and

1 WHEREAS, the City Council intends to further amend Chapter 5.73 to focus the City's MFTE  
2 Program on the measurable objective of increasing the supply of housing units that are  
3 affordable to low-income households within the City of Seattle; NOW, THEREFORE,

4 **BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE THAT:**

5 Section 1. The City Council of the City of Seattle hereby declares its intent to amend  
6 Seattle Municipal Code (SMC) Chapter 5.73, the 2004 Multifamily Housing Property Tax  
7 Exemption (MFTE) Program, to achieve the following purposes:

- 8 1. The objective of the City's MFTE Program shall be to increase the supply of  
9 Affordable Units, as defined in SMC Section 5.73.020, available to low-income  
10 households within the City of Seattle.
- 11 2. The measurable goals of the City's MFTE Program shall be to:
  - 12 a. Increase the supply of Affordable Units available to low-income households  
13 within the Residential Targeted Areas (RTAs), as defined in SMC Section  
14 5.73.020, that are behind in meeting their adopted 20-year residential growth  
15 targets, based on Department of Planning and Development (DPP) statistics;
  - 16 b. Increase the supply of Affordable Units located in mixed-income, multifamily  
17 residential projects that are sited along major transit corridors in the RTAs  
18 where MFTE projects may be located;
  - 19 c. Preserve and protect housing affordable to low-income households with  
20 historical, cultural, architectural, engineering or geographic significance in the  
21 RTAs where MFTE projects may be located; and
  - 22 d. Create Affordable Units that provide both rental housing and homeownership  
23 opportunities for Seattle's workforce.

- 1           3. The MFTE Program shall be limited to RTAs that include only urban centers and  
2           villages that have not met some still to be determined share of their adopted 20-year  
3           residential growth targets.
- 4           4. The occupancy assumption for one bedroom Affordable Units in MFTE projects shall  
5           be reduced from two persons to 1.5 persons.
- 6           5. The income limit for Income Eligible Occupants, as defined in SMC Section  
7           5.73.020, of two bedroom Affordable Units in MFTE rental projects shall be reduced  
8           from 85% of Median Income, as defined in SMC Section 5.73.020, to 80% of Median  
9           Income.
- 10          6. An income limit of 50% of Median Income shall be established for Income Eligible  
11          Occupants of Affordable Units in MFTE rental projects that the Department of  
12          Planning and Development determines are micro-housing.
- 13          7. An income limit of 85% of Median Income shall be established for Income Eligible  
14          Occupants of Affordable Units having three or more bedrooms in MFTE rental  
15          projects.
- 16          8. The minimum number of units in MFTE rental projects required to be Affordable  
17          Units shall be increased from 20% to 25%.
- 18          9. Occupants of Affordable Units in MFTE rental projects are required to establish that  
19          they are Income Eligible Occupants on an annual basis, and not just at initial  
20          occupancy. When an occupant household ceases to be an Income Eligible Occupant,  
21          the building owner shall be required to designate an alternate Affordable Unit within  
22          the same MFTE project.



**FISCAL NOTE FOR NON-CAPITAL PROJECTS**

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>CBO Analyst/Phone:</b>
Legislative	Sara Belz / 4-5382 Lisa Herbold / 4-5331	Not Applicable

**Legislation Title:**

A RESOLUTION stating the City Council's intent to amend Seattle Municipal Code Chapter 5.73, the 2004 Multifamily Housing Property Tax Exemption Program.

**Summary of the Legislation:**

The legislation outlines several specific amendments that the Council intends to make to the City's Multifamily Housing Property Tax Exemption (MFTE) Program, which is established in Chapter 5.73 of the Seattle Municipal Code.

**Background:**

The City's original MFTE Program, Chapter 5.72 of the Seattle Municipal Code (SMC), was established in 1998 by Ordinance 119237 and amended by Ordinances 119371 and 120135. It expired in 2002 and a second MFTE Program, SMC Chapter 5.73, was adopted in 2004 by Ordinance 121415. SMC Chapter 5.73 was subsequently amended by Ordinances 121915, 122730, 123550 and 123727.

Since 1998, the geographic scope of the City's MFTE Programs has expanded from eight Residential Targeted Areas (RTAs) to 39 RTAs and the number of MFTE Program goals has increased from seven to nine. In September 2012, the Office of the City Auditor completed an audit of the MFTE Program and found that "most of the [MFTE Program's] goals do not have associated performance measures" and "because there are no performance measures it is difficult to determine whether or when certain goals are being achieved." The Auditor also found that some of the MFTE Program's existing goals "potentially conflict with one another."

This Resolution expresses the Council's intent to further amend SMC Chapter 5.73 to focus the City's MFTE Program on the measurable objective of increasing the supply of housing units that are affordable to Seattle's low-income households.

**Please check one of the following:**

**This legislation does not have any financial implications.**

**This legislation has financial implications.**

**Other Implications:**

- a) **Does the legislation have indirect financial implications, or long-term implications?**

No.

**b) What is the financial cost of not implementing the legislation?**

None.

**c) Does this legislation affect any departments besides the originating department?**

The legislation concerns the City Council's intent to amend the City's MFTE Program, which is administered by the Office of Housing.

**d) What are the possible alternatives to the legislation that could achieve the same or similar objectives?**

None.

**e) Is a public hearing required for this legislation?**

No.

**f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**

No.

**g) Does this legislation affect a piece of property?**

No.

**h) Other Issues:**

None.

**List attachments to the fiscal note below:**

None.