

ORDINANCE No. 119371

MC

COUNCIL BILL No. 112559

The City

AN ORDINANCE relating to the development of multi-family housing, amending Seattle Municipal Code Chapter 5.72, clarifying the application of the tax exemption allowed by such chapter to lots on which existing rental housing is demolished, and making technical corrections.

Honorable President:

Your Committee on _____

to which was referred the within report that we have considered the

2/4/99 Pass
Full Council 2/8



COMPTROLLER FILE No. _____

Introduced: <u>FEB 1 1999</u>	By: <u>STEINBRUECK</u>
Referred: <u>FEB 1 1999</u>	To: <u>Housing, Human Services and Civil Rights Committee</u>
Referred:	To:
Referred:	To:
Reported: <u>2-8-99</u>	Second Reading:
Third Reading: <u>2-8-99</u>	Signed: <u>2-8-99</u>
Presented to Mayor: <u>2-8-99</u>	Approved: <u>FEB 16 1999</u>
Returned to City Clerk: <u>FEB 16 1999</u>	Published: <u>Full 4 pp.</u>
Vetoed by Mayor:	Veto Published:
Passed over Veto:	Veto Sustained:

Law Department

The City of Seattle--Legislative Department

Date Reported
and Adopted

REPORT OF COMMITTEE

able President:

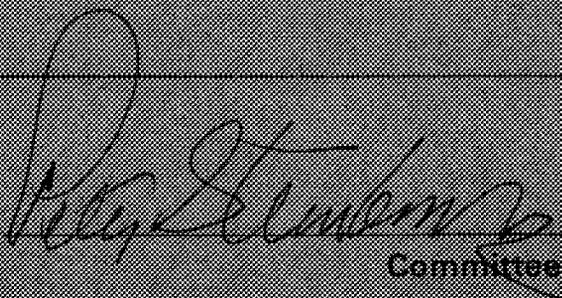
Committee on

was referred the within Council Bill No.

that we have considered the same and respectfully recommend that the same:

11/99 Pass 4-0

Council 2/8/99: Passed 9-0



Committee Chair

ORDINANCE 119371

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AN ORDINANCE relating to the development of multi-family housing, amending Seattle Municipal Code Chapter 5.72, clarifying the application of the tax exemption allowed by such chapter to lots on which existing rental housing is demolished, and making technical corrections.

WHEREAS, by Ordinance 119237 passed November 30, 1998, there was created a new Chapter 5.72 of the Seattle Municipal Code, implementing RCW Chapter 84.14 to provide for exemption from ad valorem property taxation for qualifying multi-family housing in designated residential target areas within the City and designating certain areas as residential targeted areas; and

WHEREAS, the City Council desires to amend Chapter 5.72 in order to clarify the application of the exemption to lots upon which existing rental housing is to be demolished; Now, therefore,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Seattle Municipal Code Section 5.72.040, as enacted in Ordinance 119237, is hereby amended as follows:

Section 5.72.040 Project Eligibility

To be eligible for exemption from property taxation under this chapter, the property must satisfy all of the following requirements:

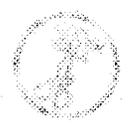
A. The property must be located in a residential targeted area.

B. The project must be multi-family housing consisting of at least four dwelling units within a residential structure or as part of a mixed use development in which at least fifty percent of the space within such residential structure or mixed use development is intended for permanent residential occupancy.

C. For new construction, a minimum of four new dwelling units must be created; for rehabilitation or conversion of existing occupied structures, a minimum of four additional dwelling units must be added.

D. For rehabilitation or conversion of an existing vacant building, the residential portion of the building shall have been vacant for at least twelve (12) months before application for a conditional exemption, and the rehabilitation improvements shall achieve a condition of substantial compliance with the applicable building and construction codes contained in SMC Title 22.

E. For rehabilitation or conversion of existing occupied structures, there shall be no "displacement" of existing residential tenants, as such term is defined in Section 22.210.030(E) of the Seattle Municipal Code;



1 F. For any new construction project((s)) where an existing rental housing structure that
2 contained four or more occupied dwelling units was demolished on the site of the new project
3 within 12 months prior to application for exemption under this chapter, or is to be demolished on
4 that site for purposes of the new project, the owner shall agree, on terms and conditions
5 satisfactory to the Director, to replace any units within such structure that were rented to tenants
6 who receive a tenant relocation assistance payment under SMC Ch. 22.210, subject to the
7 following requirements:

8 (1) For the first ten calendar years of operation of the replacement units, the
9 replacement units shall be affordable at or below 50% of median income.

10 (2) Replacement may be accomplished either as part of the new construction for
11 which application for exemption is made under this chapter, or through the new construction of
12 additional multiple-unit housing at another location, or through the substantial rehabilitation of
13 vacant multiple-unit housing, or through the preservation of housing that is rented at the time of
14 application to tenants with household annual income at or below 50% of median income, and that
15 the Director determines would otherwise be converted to a use other than rental to tenants with
16 such income.

17 (3) The replacement housing shall be completed, and a temporary or permanent
18 certificate of occupancy shall be issued, within three years from the date of approval of the
19 application, provided that the Director may extend the time for completion if the Director finds
20 that:

21 (i) the failure to complete the replacement housing is due to circumstances
22 beyond the owner's control;

23 (ii) the owner has been acting and may reasonably be expected to continue to
24 act in good faith and with due diligence; and

(iii) the replacement housing will be completed within a reasonable time.

(4) Projects where the existing rental housing structure was demolished before
the effective date of this Chapter 5.72, are not subject to the requirements of this subsection.

(5) Any demolition occurring on or after the date of the application and prior to
the issuance of a final certificate of acceptance shall be deemed to have been done for purposes of
the project.

(6) For purposes of this subsection F, any units that have not been vacant for at
least twelve consecutive months prior to the date of application shall be considered occupied
dwelling units.

G. In the following residential targeted areas, at least 25% of the units in the project shall
be affordable at or below 80% of median income for the first ten calendar years of operation of the
units:

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- (1) Martin Luther King Jr. Way South @ South Holly Street;
- (2) Pioneer Square;
- (3) International District;
- (4) 23rd Avenue South @ South Jackson;
- (5) Westlake (Denny Triangle);
- (6) South Park;
- (7) Columbia City; and
- (8) Rainier Avenue South @ I-90.

H. In the following residential targeted areas, at least 40% of the units in the project shall be affordable at or below 60% of median income for the first ten calendar years of operation of the units:

- (1) Pike/Pine.

I. If the percentage of the number of affordable units in the project required under subsections (G) and (H) of this section is a fraction, then the number of affordable units shall be rounded up to the next whole number.

J. For owner-occupied projects, the contract with the City required under subsection 5.72.060(A) of this chapter shall identify those units which shall be affordable as required under subsections (G) and (H) of this section. For those owner-occupied units identified as affordable, the City shall have and retain, for the life of the exemption granted under this chapter, a written right of first refusal under terms and conditions approved by the Director, exercisable in the event owner receives a bona fide offer to buy the property from an owner whose household income exceeds the affordability limits in subsection 5.72.020(A), giving the City or its assignee the right to purchase the property on substantially the same terms as such bona fide offer. Such right of first refusal shall be included within the contract with the City required under subsection 5.72.060(A) of this chapter.

K. For new construction of multifamily housing, the applicant shall complete the design review process under SMC Chapter 23.41, whether or not the project would be subject to design review under Chapter 23.41 if the owner had not applied for property tax exemption under this chapter. For projects not subject to mandatory design review under SMC 23.41.004, the applicant shall complete administrative design review under SMC 23.41.016.

L. The applicant shall obtain a certificate of approval, permit, or other approval under SMC Chapter 25.12, Landmarks Preservation Ordinance, SMC Chapter 23.66, Special Review Districts, or those provisions of SMC Chapter 25.16, Chapter 25.20, Chapter 25.22, Chapter 25.24, or Chapter 25.28, relating to Landmark or Historical Districts, if such certificate of approval, permit or other approval is required under those chapters. Such certificate of approval, permit or other approval shall satisfy the requirement under subsection ~~K~~((J)) of this section that the applicant complete design review under SMC Chapter 23.41.

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M. The project must comply with all applicable zoning requirements, land use regulations, and building and housing code requirements contained in SMC Title 22 and Title 23 at the time of new construction, rehabilitation or conversion.

N. For the duration of the exemption granted under this chapter, the property shall have no violations of applicable zoning requirements, land use regulations, and building and housing code requirements contained in SMC Title 22 and Title 23 for which the Department of Design, Construction and Land Use shall have issued a notice of violation that is not resolved by a certificate of compliance, certificate of release, or withdrawal within the time period for compliance provided in such notice of violation and any extension of the time period for compliance granted by the Director of the Department of Design, Construction and Land Use.

O. New construction multifamily housing and rehabilitation improvements must be scheduled to be completed within three years from the date of approval of the application.

Section 2. Any act pursuant to the authority of this ordinance and prior to the effective date hereof is hereby ratified and confirmed.

Section 3. This ordinance shall take effect and be in force thirty (30) days from and after its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

Passed by the City Council the 8th day of February 1999, and signed by me in open session in authentication of its passage this 8th day of February, 1999.

JUDITH A. L.
President _____ of the City Council

Approved by me this 16th day of February, 1999.

Paul S. Sweeney
Mayor

Filed by me this 16th day of February, 1999.

Jessie E. Papp
City Clerk

(Seal)

STATE OF WASHINGTON - KING COUNTY

102587
City of Seattle, City Clerk

—ss.

No. ORD IN FULL

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:ORD 119371/FULL

was published on

02/26/99

The amount of the fee charged for the foregoing publication is the sum of \$ _____, which amount has been paid in full.

[Signature]
Subscribed and sworn to before me on
02/26/99 *[Signature]*

Notary Public for the State of Washington,
residing in Seattle

2/26(101324)

209, Seattle, WA
1790, 3rd Avenue
MILEY T. HSIAO,
Attorneys for

is 19th day of June
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The action is to quiet
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the complaint which
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it will be rendered
of your failure so to
office below stated,
Laborator Ventures,
undersigned attorney
for Ventures, LLC
plaintiff of the plain
used court, and an

City of Seattle

ORDINANCE 119237

AN ORDINANCE relating to the devel-
opment of multi-family housing, amending
Seattle Municipal Code Chapter 5.72, clar-
ifying the application of the tax exemption
allowed by such chapter to lots on which
existing technical housing is demolished, and
making technical corrections.

WHEREAS, by Ordinance 119237 passed
November 30, 1985, there was created a
new Chapter 5.72 of the Seattle Municipal
Code implementing RCW Chapter 94.14 to
provide for exemption from ad valorem
property taxation for qualifying multi-
family housing in designated residential
target areas within the City and designat-
ing certain areas as residential targeted
areas; and

WHEREAS, the City Council desires to
amend Chapter 5.72 in order to clarify the
application of the exemption to lots upon
which existing rental housing is to be
demolished; Now, therefore,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

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SECTION 5.72.040 PROJECT ELIGI- BILITY

To be eligible for exemption from prop-
erty taxation under this chapter, the prop-
erty must satisfy all of the following require-
ments:

- A. The property must be located in a resi-
dential targeted area.
- B. The project must be multi-family
housing consisting of at least four dwelling
units within a residential structure or as
part of a mixed use development in which
at least fifty percent of the space within
such residential structure or mixed use de-
velopment is intended for permanent resi-
dential occupancy.
- C. For new construction, a minimum of
four new dwelling units must be created;
for rehabilitation or conversion of existing
occupied structures, a minimum of four ad-
ditional dwelling units must be added.
- D. For rehabilitation or conversion of an
existing vacant building, the residential
portion of the building shall have been
vacant for at least twelve (12) months be-
fore application for a conditional exemp-
tion, and the rehabilitation improvements
shall achieve a condition of substantial
compliance with the applicable building
and construction codes contained in SMC
Title 22.
- E. For rehabilitation or conversion of ex-
isting occupied structures, there shall be
no "displacement" of existing residential
tenants, as such term is defined in Section
22.210.030(E) of the Seattle Municipal
Code.
- F. For any new construction project (a)
where an existing rental housing structure
that contained four or more occupied dwell-
ing units was demolished on the site of the
new project within 12 months prior to ap-
plication for exemption under this chapter,
or is to be demolished on that site for pur-
poses of the new project, the owner shall
agree, on terms and conditions satisfactory
to the Director, to replace any units within
such structure that were rented to tenants
who receive a tenant relocation assistance
payment under SMC Ch. 22.210, subject to
the following requirements:

(1) For the first ten calendar years of op-
eration of the replacement units, the re-
placement units shall be affordable at or
below 65% of median income.