

Ordinance No. 120135

Council Bill No. 113393

The City of Seattle Council Bill/Ordinance

AN ORDINANCE relating to the Multifamily Property Tax Exemption Program, amending Seattle Municipal Code Chapter 5.72.030 to add Capitol Hill and Rainier Beach to the residential target areas eligible for property tax exemption, amending 5.72.040 to revise the criteria for project eligibility with respect to affordable units, and adding a new subsection 5.72.065 to establish a procedure and fee for the consideration of contract amendments requested by project applicants.

HELD
passed as an
8-0
10-16-00 Hold
10-23-00 For
CE

CF No. _____

Date Introduced: <u>SEP 25 2000</u>	
Date 1st Referred:	To: (committee) <u>Housing, Human Services, Education & Civil Rights Committee</u>
Date Re- Referred:	To: (committee)
Date Re- Referred:	To: (committee)
Date of Final Passage:	Full Council Vote: <u>8-0</u>
Date Presented to Mayor:	Date Approved: <u>10/30/00</u>
Date Returned to City Clerk:	Date Published: <u>6pp</u> T.O. <input checked="" type="checkbox"/> F.T. <input checked="" type="checkbox"/>
Date Vetted by Mayor:	Date Veto Published:
Date Passed Over Veto:	Veto Sustained:

This file is complete and ready

Law Department

Law Dept. Review

The City of Seattle - Legislative Department

Council Bill/Ordinance sponsored by:

Peter Steinhilber
Committee Member

Committee Action:

HELD

passed as amended HW, RM

⑧

10-16-00 Hold one week

⑧

10-23-00 Passed As Amended 8-0

(Excused: Pageler)

This file is complete and ready for presentation to Full Council. Committee: _____

(Initial/date)

Law Department

Law Dept. Review

OMP
Review

①

City Clerk
Review

②

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ORDINANCE 120135

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3
4 AN ORDINANCE relating to the Multifamily Property Tax Exemption Program, amending Seattle
5 Municipal Code Chapter 5.72.030 to add Capitol Hill and Rainier Beach to the residential target
6 areas eligible for property tax exemption, amending 5.72.040 to revise the criteria for project
7 eligibility with respect to affordable units, and adding a new subsection 5.72.065 to establish a
8 procedure and fee for the consideration of contract amendments requested by project applicants.
9

10 WHEREAS, by Ordinance 119237, passed November 30, 1998, there was created a new Chapter 5.72 of
11 the Seattle Municipal Code, implementing RCW Chapter 84.14 to provide for exemption from ad
12 valorem property taxation for qualified multi-family housing in designated target areas within the
13 City and designating certain areas a residential targeted areas; and
14

15 WHEREAS, pursuant to Chapter 5.72 SMC, a committee composed of the designees of the Directors of the
16 Office of Housing, the Strategic Planning Office, the Department of Construction and Land Use,
17 City Budget Office, and Council Central reviewed the program and provided a report outlining
18 development activity in the first year of the program and evaluating the effects of the program on
19 housing production, housing affordability, and property tax revenues; and
20

21 WHEREAS, the executive report on the annual review of the multifamily property tax exemption program
22 contains recommendations for program amendments and the designation of additional residential
23 targeted areas; and
24

25 WHEREAS, the City Council solicited public comment regarding the additional residential target areas at a
26 public hearing on September 27, 2000; and
27

28 WHEREAS, the City finds that the additional areas designated as residential targeted areas in this
29 Ordinance are each located within an urban village as defined in this ordinance; that each area
30 lacks sufficient available, desirable and convenient residential housing to meet the needs of the
31 public who would be likely to live in such area if desirable, attractive and livable residences were
32 available, including the needs of low and moderate income households who would be likely to live
33 in such areas if affordable residences were available; and that the property tax exemption program
34 contained in Section 5.72 SMC, as amended by this Ordinance, will encourage increased
35 residential opportunities within the City and stimulate the construction of new multifamily
36 housing and the rehabilitation of existing vacant and underutilized buildings for multifamily
37 housing; and maintain, to the extent possible, the stability of existing communities within
38 multifamily buildings;
39



1 **NOW THEREFORE,**

2
3 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

4
5 Section 1. Seattle Municipal Code Section 5.72.030 is hereby amended as follows:

6
7 **Section 5.72.030 Residential Targeted Areas -- Criteria -- Designation**

8 A. Following notice and public hearing as prescribed in RCW 84.14.040, the Council may
9 designate one or more residential targeted areas, upon a finding by the Council in its sole discretion that the
10 residential targeted area meets the following criteria:

- 11
- 12 1. The residential targeted area is within an urban village;
 - 13 2. The residential targeted area lacks sufficient available, desirable and convenient
14 residential housing to meet the needs of the public who would be likely to live in the urban village if
15 desirable, attractive and livable residences were available; and
 - 16 3. Providing additional housing opportunity in the residential targeted area will assist in
17 achieving one or more of the following purposes:
 - 18 (a) encourage increased residential opportunities within the City; or
 - 19 (b) stimulate the construction of new affordable multifamily housing; and
 - 20 (c) encourage the rehabilitation of existing vacant and underutilized buildings
21 for multifamily housing.

22
23 B. In designating a residential targeted area, the Council may also consider other factors,
24 including:

- 25
- 26 1. Whether additional housing in the residential targeted area will attract and maintain an
27 increase in the number of permanent residents;
 - 28 2. Whether providing additional housing opportunities for low and moderate income
29 households would meet the needs of citizens likely to live in the area if affordable residences were
30 available;
 - 31 3. Whether an increased permanent residential population in the residential targeted area
32 will help to achieve the planning goals mandated by the Growth Management Act under RCW 36.70A, as
33 implemented through the City's Comprehensive Plan;
 - 34 4. Whether encouraging additional housing in the residential targeted area is consistent
35 with plans for LINK Light Rail by Sound Transit; or
 - 36 5. Whether additional housing may contribute to revitalization of a distressed
neighborhood or area within the City.



1 C. At any time the Council may, by ordinance, in its sole discretion, amend or rescind the
2 designation of a residential targeted area pursuant to the same procedural requirements as set forth in this
3 chapter for original designation.

4 D. The following areas, as shown in the attached Attachments 1 through 9 11, are designated as
5 residential targeted areas under this chapter:

- 6 1. Martin Luther King Jr. Way South at South Holly Street;
- 7 2. Pioneer Square;
- 8 3. International District;
- 9 4. 23rd Avenue South at South Jackson;
- 10 5. Westlake (Denny Triangle);
- 11 6. South Park;
- 12 7. Columbia City;
- 13 8. Rainier Avenue South @ I-90;
- 14 9. Pike/Pine;
- 15 10. Capitol Hill;
- 16 11. Rainier Beach.

17 E. If a part of any legal lot is within a residential targeted areas as shown in Attachments 1
18 through 9-11, then the entire lot shall be deemed to lie within such residential targeted area.

19
20 Section 2. Seattle Municipal Code Section 5.72.040 as enacted in Ordinance 119237 and amended
21 in Ordinance 119371 is hereby further amended as follows:

22
23 **Section 5.72.040 Project Eligibility**

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

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

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

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

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



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

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

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

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

18 (3) The replacement housing shall be completed, and a temporary or permanent
19 certificate of occupancy shall be issued, within three years from the date of approval of the application,
20 provided that the Director may extend the time for completion if the Director finds that: (i) the failure to
21 complete the replacement housing is due to circumstances beyond the owner's control; (ii) the owner has
22 been acting and may reasonably be expected to continue to act in good faith and with due diligence; and
23 (iii) the replacement housing will be completed within a reasonable time.

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

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

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

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

32 (1) Martin Luther King Jr. Way South @ South Holly Street;

33 (2) Pioneer Square;

34 (3) ~~International District;~~

35 (4) 23rd Avenue South @ South Jackson;

36 (5) ~~(4)~~ Westlake (Denny Triangle);



- ~~(6)~~ (5) South Park;
- ~~(7)~~ (6) Columbia City; and
- ~~(8)~~ (7) Rainier Avenue South @ I-90; and
- (8) Rainier Beach.

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;
- (2) International District; and
- (3) Capitol Hill.

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. The configuration of housing units (e.g., studios, one-bedrooms, two-bedrooms, etc.) used to meet the requirement for affordable units under subsection (G) or (H) of this section shall be substantially proportional to the configuration of the total housing units in the project; provided, that all units of two or more bedrooms may be combined into a single category for the purpose of compliance with this provision.

K. Affordable housing units required under subsection (G) or (H) of this section shall be substantially the same interior construction quality as market rate units in the project.

L. 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. For rental projects, the City or its assignee shall have and retain, for the life of the exemption granted under this chapter and for one additional year thereafter, a written right of first offer under terms and conditions approved by the Director consistent with this section. Such right of first offer shall be included within the contract with the City required under subsection 5.72.060(A) of this chapter

This right of first offer shall require that the property owner, prior to placing the property on the market for sale, shall inform the City in writing of his or her intent to sell the property. Following receipt of the property owner's notice of intent, the City or the City's assignee shall have twenty (20) days to present the property owner with a written offer setting forth the price, terms and conditions under which the City or its assignee is prepared to purchase the property.



1
2 Upon receipt of the offer, the City or its assignee owner shall have thirty calendar days in which to
3 enter into a real estate purchase and sales agreement with the owner containing the price, terms and
4 conditions described in the offer or other price, terms and conditions agreed to by the parties.

5 In the event that the property owner submits a notice of intent to sell to the City and no sale to the
6 City or its assignee occurs for reasons not the fault of the owner, the owner shall not, with the exception
7 provided below, have further obligations under this provision for a period of one year from the date the
8 notice is received by the City.

9 Provided, however, that in the event the City or its assignee makes an offer to purchase the
10 property but no sale occurs, the property owner may not offer the property for sale to a third party at a price
11 and under terms and conditions more favorable to the buyer than the terms offered by the City for a period
12 of one year from the date the offer is received by the property owner.

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

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

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

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

34 ~~O~~Q. New construction multifamily housing and rehabilitation improvements must be scheduled to
35 be completed within three years from the date of approval of the application.
36



1 Section 3. Chapter 5.72 of the Seattle Municipal Code is hereby amended by adding a new
2 Section 5.72.065 as follows:

3
4 **Section 5.72.065 Amendment of Contract**

5 A. Any applicant seeking amendment(s) to the contract approved by the City Council may
6 do so by submitting a request in writing to the Director at any time within three years of the date of the
7 Council's approval of the contract.

8 B. The Director of Housing shall have authority to approve amendments to the Contract
9 between the applicant and the City which are substantially in the form of the contract approved by the City
10 Council. Amendments which are not reasonably within the scope of the approved contract, as determined
11 by the Director, shall be submitted to the City Council for approval by resolution.

12 C. Any applicant seeking amendments to the approved form of contract which in the sole
13 discretion of the Director require approval by the City Council shall pay to the City an amendment
14 application fee of \$500.00. If the City denies the amendment, the City will retain that portion of the fee
15 attributable to its own actual administrative costs and refund the balance, if any, to the applicant.

16 D. The date for expiration of the Conditional Certificate shall not be extended by contract
17 amendment unless (a) all the conditions for extension set forth in Section 5.72.070 are met, or (b) the
18 conditions set forth in Section 5.72.070 A. and B. are met and the City Council specifically approves the
19 extension.



1 Section 4. The amendments to Chapter 5.72 of the Municipal Code contained herein are declared
2 to be severable. If any section, subsection, paragraph, clause or other portion of any part is for any reason
3 held to be invalid or unconstitutional by any court of competent jurisdiction, such invalidity or
4 unconstitutionality shall not affect the validity or constitutionality of the remaining portions of the
5 Multifamily Housing Tax Exemption program.

6
7 Section 5. This ordinance shall take effect and be in force thirty (30) days from and after its
8 approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after
9 presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

10
11 Passed by the City Council the 23rd day of October, 2000, and signed by me in open
12 session in authentication of its passage this 23rd day of October, 2000.

13
14 Richard J. McDermott
15 Pro Tem President of the City Council

16 Approved by me this 30th day of OCTOBER, 2000.
17
18 Paul Schell
19 Paul Schell, Mayor

20
21 Filed by me this 31st day of October, 2000.
22
23 adry Cris Donfield
24 City Clerk

25 (SEAL)

26 Attachments:

- 27 -1. Rainier Beach Tax Exemption Area
28 2. Capitol Hill Tax Exemption Area
29
30



Capitol Hill Tax Exemption Area



Prepared by:
Strategic Planning Office

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No warranties of any sort, including accuracy,
fitness or merchantability, accompany this product.

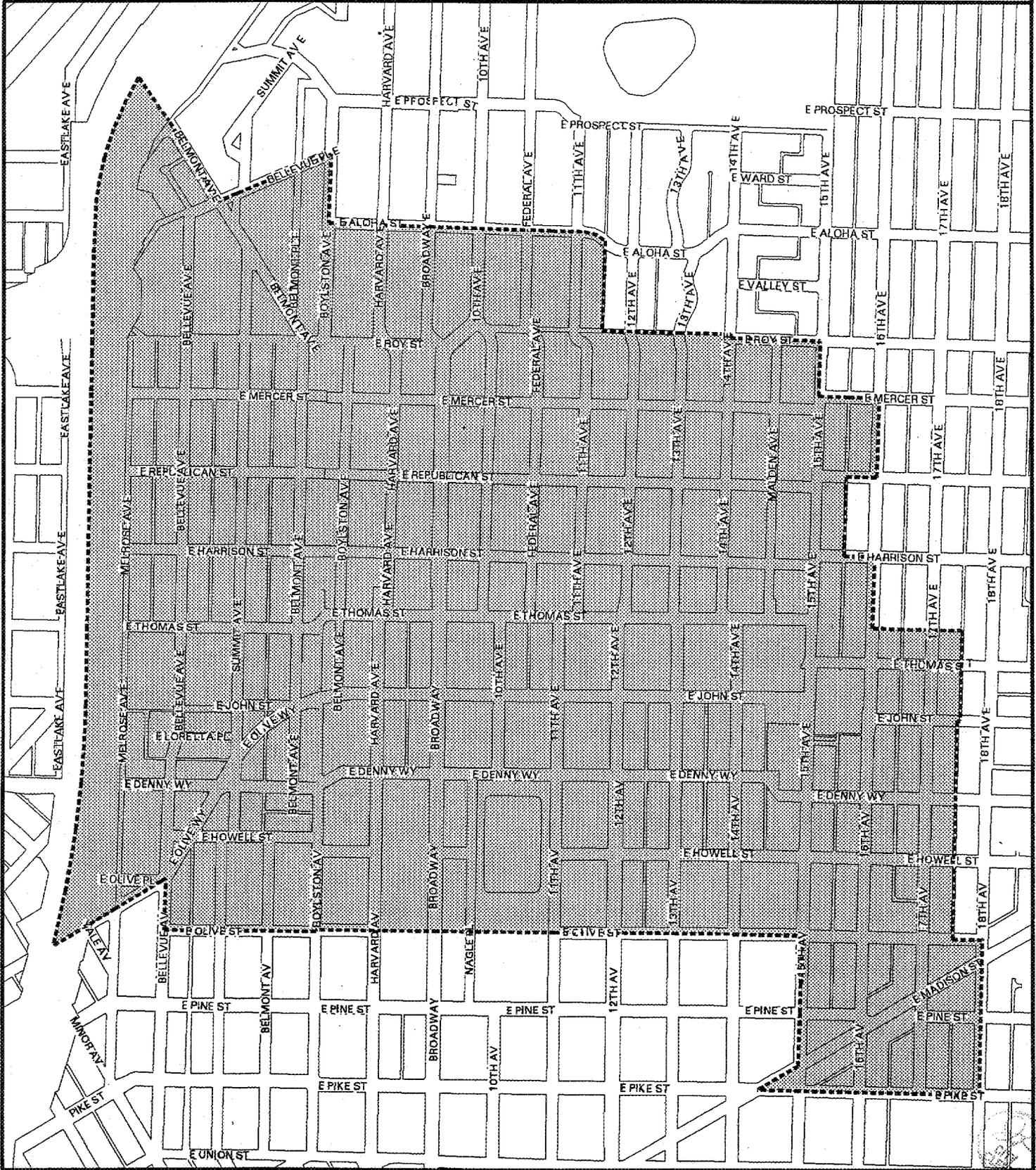


Tax Exemption Area

Urban Village/Boundary

0 0.125 0.25

MILES



Fiscal Note

Department: Office of Housing	Contact Person/Phone: Janeen Smith 684-0211	CBO Analyst/Phone: Pascal StGerard 684-8085
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Legislation Title: AN ORDINANCE relating to the Multifamily Property Tax Exemption Program, amending Seattle Municipal Code Chapter 5.72.030 to add Capitol Hill and Rainier Beach to the residential target areas eligible for property tax exemption, amending 5.72.040 to revise the criteria for project eligibility with respect to affordable units, and adding a new subsection 5.72.065 to establish a procedure and fee for the consideration of contract amendments requested by project applicants.

Summary of the legislation: The proposed ordinance adds two additional neighborhoods to the residential target areas eligible to receive the multifamily property tax exemption. The **Capitol Hill** target area is proposed to have an affordable housing requirement of 40% of units occupied by households with incomes at 60% or less of the area median income. The **Rainier Beach** target area is proposed to have an affordable housing requirement of 25% of units occupied by households with incomes at 80% or less of area median income. The affordability requirement for the International District target area is proposed to be changed from 25% of units at 80% of median to 40% of units at 60% of median. The criteria for affordable units are proposed to be amended to require comparability in unit configuration (mix) with all other units in a project. New provisions are proposed with respect to amending existing contracts, including provision for an application fee.

Background (Include justification for the legislation and any funding history, if applicable):

The purpose of the property tax exemption for multifamily housing development is to stimulate construction of new multifamily housing and the rehabilitation of existing vacant and underutilized buildings for multifamily housing while meeting the City's goals of providing and increasing affordable housing.

Chapter 5.72 SMC provides for an annual evaluation of the program reporting on program activity and recommending addition or deletion of target neighborhoods, changes in affordability limits, and home ownership issues.

Sustainability Issues (related to grant awards): Not applicable



Estimated Expenditure Impacts:

FUND	1999	2000	2001
Not applicable			
TOTAL			

One-time

On-going

Estimated Revenue Impacts:

	2001	2002	2003
Application Fees (1)	\$1,000	\$1,500	\$1,500
	2004	2005	2006
Property Tax - City Portion(2)	(\$48,000)	(\$120,000)	(\$192,000)

One-time: N/A

On-going: Exemption lasts ten years, if conditions continue to be met

- (1) The addition of two new target areas may generate two to three additional applications per year. This may be partly offset by reductions in projects in the International District, due to more stringent affordability standards.
- (2) The median project to date has 57 units and results in a loss or shift of Seattle tax revenue of about \$24,000 per year. Property tax estimates illustrate the incremental impact of 2-3 new projects of median size per year. Tax impacts aren't felt until the year following project completion, which can be up to three years after the application is approved.

Estimated FTE Impacts:

FUND	2001	2002	2003
Not applicable			
TOTAL			

Year ____: # Full Time ____ # Part Time ____ # TES ____

Do positions sunset in the future? If so, when?

Other Issues (including long-term implications of the legislation):





City of Seattle

Paul Schell, Mayor

Executive Department - Office of Housing

Cynthia A. Parker, Director

MEMORANDUM

DATE: September 11, 2000

TO: The Honorable Margaret Pageler
President, Seattle City Council

VIA: Joan Walters, Director, City Budget Office

ATTN: Pascal St. Gerard, Budget Analyst

FROM: Cynthia A. Parker, Director, Office of Housing
Denna Cline, Director, Strategic Planning Office

SUBJECT: AN ORDINANCE relating to the Multifamily Property Tax Exemption Program, amending Seattle Municipal Code Chapter 5.72.030 to add Capitol Hill and Rainier Beach to the residential target areas eligible for property tax exemption, amending 5.72.040 to revise the criteria for project eligibility with respect to affordable units, and adding a new subsection 5.72.065 to establish a procedure and fee for the consideration of contract amendments requested by project applicants.

The proposed ordinance is intended to implement Executive recommendations for amendment of the Multifamily Property Tax Exemption Ordinance, Chapter 5.72 of the Seattle Municipal Code. It follows a year-long process of evaluating the program, which went into effect in January, 1999. The Draft Executive Report on the Annual Review was presented to and discussed with the Housing, Human Services, Education, and Civil Rights Committee on June 28, 2000.

The attached ordinance includes the following amendments to Chapter 5.72 SMC:

- (1) Amendments to Section 5.72.030 SMC designating two additional residential target areas, **Rainier Beach** and **Capitol Hill**;
- (2) Amendments to Section 5.72.040 SMC revising project eligibility criteria as follows:
 - a. Including Rainier Beach among the residential target areas where at least 25% of units are required to be affordable to households at or below 80% of median income;

Alaska Building, 618 Second Avenue, 8th Floor, Seattle, WA 98104

Tel: (206) 684-0721, TDD: (206) 684-0274, Fax: (206) 233-7117, M/S 15-08-01

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The Honorable Margaret Pageler

September 11, 2000

Page 2

- b. Including Capitol Hill among the residential target areas where at least 40% of units are required to be affordable to households at or below 60% of median income;
 - c. Changing the affordability requirement for projects in the **International District** residential target area *from* 25% of units at 80% of median income *to* 40% of units at 60% of median income;
 - d. Adding a requirement that affordable units be proportional in unit configuration (studio, one-bedroom, two-bedroom, etc.) to the configuration of units in the project as a whole; and
 - e. Adding a requirement that affordable units be substantially comparable in construction quality to market-rate units in a project;
- (3) Adding a new subsection 5.72.065 providing for amendments to contracts between the City and property owners seeking tax exemption, and providing for payment of an application fee for amendments which require Council approval.

The background and rationale for these amendments can be found in the Draft Executive Report and/or the executive's response to issues raised by City Council.

For additional information, please call Janeen Smith in the Office of Housing at 684-0211 or Walter Zisette in the Strategic Planning Office at 684-8903.

Attachments

cc: Trang Tu, Mayor's Office
Traci Ratzliff, Council Central Staff



ORDINANCE

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3
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5 amending Seattle Municipal Code Chapter 5.72.030 to add Capitol Hill and
6 Rainier Beach to the residential target areas eligible for property tax exemption,
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8 affordable units, and adding a new subsection 5.72.065 to establish a procedure
9 and fee for the consideration of contract amendments requested by project
10 applicants.

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

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18 WHEREAS, pursuant to Chapter 5.72 SMC, a committee composed of the designees of
19 the Directors of the Office of Housing, the Strategic Planning Office, the
20 Department of Construction and Land Use, City Budget Office, and Council
21 Central reviewed the program and provided a report outlining development
22 activity in the first year of the program and evaluating the effects of the program
23 on housing production, housing affordability, and property tax revenues; and

24
25 WHEREAS, the executive report on the annual review of the multifamily property tax
26 exemption program contains recommendations for program amendments and the
27 designation of additional residential targeted areas; and

28
29 WHEREAS, the City Council solicited public comment regarding the additional
30 residential target areas at a public hearing on September 27, 2000; and

31
32 WHEREAS, the City finds that the additional areas designated as residential targeted
33 areas in this Ordinance are each located within an urban village as defined in this
34 ordinance; that each area lacks sufficient available, desirable and convenient
35 residential housing to meet the needs of the public who would be likely to live in
36 such area if desirable, attractive and livable residences were available, including
37 the needs of low and moderate income households who would be likely to live in
38 such areas if affordable residences were available; and that the property tax
39 exemption program contained in Section 5.72 SMC, as amended by this
40 Ordinance, will encourage increased residential opportunities within the City and
41 stimulate the construction of new multifamily housing and the rehabilitation of
42 existing vacant and underutilized buildings for multifamily housing;
43

1 **NOW THEREFORE,**

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16 convenient residential housing to meet the needs of the public who would be likely to live
17 in the urban village if desirable, attractive and livable residences were available; and
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19 area will assist in achieving one or more of the following purposes:
- 20 (a) encourage increased residential opportunities within the City;
- 21 or
- 22 (b) stimulate the construction of new affordable multifamily
23 housing; and
- 24 (c) encourage the rehabilitation of existing vacant and
25 underutilized buildings for multifamily housing.

26 B. In designating a residential targeted area, the Council may also consider other
27 factors, including:

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29 and maintain an increase in the number of permanent residents;



1 2. Whether providing additional housing opportunities for low and
2 moderate income households would meet the needs of citizens likely to live in the area if
3 affordable residences were available;

4 3. Whether an increased permanent residential population in the
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6 Management Act under RCW 36.70A, as implemented through the City's Comprehensive
7 Plan;

8 4. Whether encouraging additional housing in the residential targeted area
9 is consistent with plans for LINK Light Rail by Sound Transit; or

10 5. Whether additional housing may contribute to revitalization of a
11 distressed neighborhood or area within the City.

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13 rescind the designation of a residential targeted area pursuant to the same procedural
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15 D. The following areas, as shown in the attached Attachments 1 through 9 11, are
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- 25 9. Pike/Pine;
- 26 10. Capitol Hill;
- 27 11. Rainier Beach.

28 E. If a part of any legal lot is within a residential targeted areas as shown in
29 Attachments 1 through 9 11, then the entire lot shall be deemed to lie within such
30 residential targeted area.



1
2 Section 2. Seattle Municipal Code Section 5.72.040 as enacted in Ordinance
3 119237 and amended in Ordinance 119371 is hereby further amended as follows:
4

5 **Section 5.72.040 Project Eligibility**

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

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

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

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

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

21 E. For rehabilitation or conversion of existing occupied structures, there shall be
22 no "displacement" of existing residential tenants, as such term is defined in Section
23 22.210.030(E) of the Seattle Municipal Code;

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



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

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

10 (3) The replacement housing shall be completed, and a temporary or
11 permanent certificate of occupancy shall be issued, within three years from the date of
12 approval of the application, provided that the Director may extend the time for
13 completion if the Director finds that: (i) the failure to complete the replacement housing
14 is due to circumstances beyond the owner's control; (ii) the owner has been acting and
15 may reasonably be expected to continue to act in good faith and with due diligence; and
16 (iii) the replacement housing will be completed within a reasonable time.

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

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

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

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

- 29 (1) Martin Luther King Jr. Way South @ South Holly Street;
30 (2) Pioneer Square;



- 1 (3) ~~International District;~~
- 2 (4) 23rd Avenue South @ South Jackson;
- 3 (5) (4) Westlake (Denny Triangle);
- 4 (6) (5) South Park;
- 5 (7) (6) Columbia City; and
- 6 (8) (7) Rainier Avenue South @ I-90; and
- 7 (8) Rainier Beach.

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

- 11 (1) Pike/Pine; ;
- 12 (2) International District; and
- 13 (3) Capitol Hill.

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

17 J. The configuration of housing units (e.g., studios, one-bedrooms, two-
18 bedrooms, etc.) used to meet the requirement for affordable units under subsection (G) or
19 (H) of this section shall be substantially proportional to the configuration of the total
20 housing units in the project. Provided, that all units of two or more bedrooms may be
21 combined into a single category for the purpose of compliance with this provision.

22 K. Affordable housing units required under subsection (G) or (H) of this section
23 shall be substantially the same construction quality as market rate units in the project.

24 J.L For owner-occupied projects, the contract with the City required under
25 subsection 5.72.060(A) of this chapter shall identify those units which shall be affordable
26 as required under subsections (G) and (H) of this section. For those owner-occupied units
27 identified as affordable, the City shall have and retain, for the life of the exemption
28 granted under this chapter, a written right of first refusal under terms and conditions
29 approved by the Director, exercisable in the event owner receives a bona fide offer to buy
30 the property from an owner whose household income exceeds the affordability limits in



1 subsection 5.72.020(A), giving the City or its assignee the right to purchase the property
2 on substantially the same terms as such bona fide offer. Such right of first refusal shall be
3 included within the contract with the City required under subsection 5.72.060(A) of this
4 chapter.

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

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

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

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

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

4
5 Section 3. Chapter 5.72 of the Seattle Municipal Code is hereby amended by
6 adding a new Section 5.72.065 as follows:

7
8 **Section 5.72.065 Amendment of Contract**

9 A. Any applicant seeking amendment(s) to the contract approved by the City
10 Council may do so by submitting a request in writing to the Director at any time within
11 three years of the date of the Council's approval of the contract.

12 B. The Director of Housing shall have authority to approve amendments to
13 the Contract between the applicant and the City which are substantially in the form of the
14 contract approved by the City Council. Amendments which are not reasonably within the
15 scope of the approved contract, as determined by the Director, shall be submitted to the
16 City Council for approval by resolution.

17 C. Any applicant seeking amendments to the approved form of contract
18 which in the sole discretion of the Director require approval by the City Council shall pay
19 to the City an amendment application fee of \$500.00. If the City denies the amendment,
20 the City will retain that portion of the fee attributable to its own actual administrative
21 costs and refund the balance, if any, to the applicant.

22 D. The date for expiration of the Conditional Certificate shall not be extended
23 by contract amendment unless (a) all the conditions for extension set forth in Section
24 5.72.070 are met, or (b) the conditions set forth in Section 5.72.070 A. and B. are met and
25 the City Council specifically approves the extension.

1 Section 4. The amendments to Chapter 5.72 of the Municipal Code contained
2 herein are declared to be severable. If any section, subsection, paragraph, clause or other
3 portion of any part is for any reason held to be invalid or unconstitutional by any court of
4 competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity
5 or constitutionality of the remaining portions of the Multifamily Housing Tax Exemption
6 program.

7
8 Section 5. This ordinance shall take effect and be in force thirty (30) days
9 from and after its approval by the Mayor, but if not approved and returned by the Mayor
10 within ten (10) days after presentation, it shall take effect as provided by Municipal Code
11 Section 1.04.020.

12
13 Passed by the City Council the ____ day of _____, 2000, and signed
14 by me in open session in authentication of its passage this ____ day of
15 _____, 2000.

16 _____
17 President of the City Council

18
19 Approved by me this ____ day of _____, 2000.

20 _____
21 Paul Schell, Mayor

22
23 Filed by me this ____ day of _____, 2000.

24 _____
25 City Clerk

26
27
28 (SEAL)

29 Attachments:

- 30 1. Rainier Beach Tax Exemption Area
31 2. Capitol Hill Tax Exemption Area
32

ORDINANCE

1
2
3
4 AN ORDINANCE relating to the Multifamily Property Tax Exemption Program, amending Seattle
5 Municipal Code Chapter 5.72.030 to add Capitol Hill and Rainier Beach to the residential target
6 areas eligible for property tax exemption, amending 5.72.040 to revise the criteria for project
7 eligibility with respect to affordable units, and adding a new subsection 5.72.065 to establish a
8 procedure and fee for the consideration of contract amendments requested by project applicants.
9

10 WHEREAS, by Ordinance 119237, passed November 30, 1998, there was created a new Chapter 5.72 of
11 the Seattle Municipal Code, implementing RCW Chapter 84.14 to provide for exemption from ad
12 valorem property taxation for qualified multi-family housing in designated target areas within the
13 City and designating certain areas a residential targeted areas; and
14

15 WHEREAS, pursuant to Chapter 5.72 SMC, a committee composed of the designees of the Directors of the
16 Office of Housing, the Strategic Planning Office, the Department of Construction and Land Use,
17 City Budget Office, and Council Central reviewed the program and provided a report outlining
18 development activity in the first year of the program and evaluating the effects of the program on
19 housing production, housing affordability, and property tax revenues; and
20

21 WHEREAS, the executive report on the annual review of the multifamily property tax exemption program
22 contains recommendations for program amendments and the designation of additional residential
23 targeted areas; and
24

25 WHEREAS, the City Council solicited public comment regarding the additional residential target areas at a
26 public hearing on September 27, 2000; and
27

28 WHEREAS, the City finds that the additional areas designated as residential targeted areas in this
29 Ordinance are each located within an urban village as defined in this ordinance; that each area
30 lacks sufficient available, desirable and convenient residential housing to meet the needs of the
31 public who would be likely to live in such area if desirable, attractive and livable residences were
32 available, including the needs of low and moderate income households who would be likely to live
33 in such areas if affordable residences were available; and that the property tax exemption program
34 contained in Section 5.72 SMC, as amended by this Ordinance, will encourage increased
35 residential opportunities within the City and stimulate the construction of new multifamily
36 housing and the rehabilitation of existing vacant and underutilized buildings for multifamily
37 housing;
38



1 **NOW THEREFORE,**

2
3 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

4
5 Section 1. Seattle Municipal Code Section 5.72.030 is hereby amended as follows:

6
7 **Section 5.72.030 Residential Targeted Areas -- Criteria -- Designation**

8 A. Following notice and public hearing as prescribed in RCW 84.14.040, the Council may
9 designate one or more residential targeted areas, upon a finding by the Council in its sole discretion that the
10 residential targeted area meets the following criteria:

- 11
- 12 1. The residential targeted area is within an urban village;
 - 13 2. The residential targeted area lacks sufficient available, desirable and convenient
14 residential housing to meet the needs of the public who would be likely to live in the urban village if
15 desirable, attractive and livable residences were available; and
 - 16 3. Providing additional housing opportunity in the residential targeted area will assist in
17 achieving one or more of the following purposes:
 - 18 (a) encourage increased residential opportunities within the City; or
 - 19 (b) stimulate the construction of new affordable multifamily housing; and
 - 20 (c) encourage the rehabilitation of existing vacant and underutilized buildings
21 for multifamily housing.

22
23 B. In designating a residential targeted area, the Council may also consider other factors,
24 including:

- 25
- 26 1. Whether additional housing in the residential targeted area will attract and maintain an
27 increase in the number of permanent residents;
 - 28 2. Whether providing additional housing opportunities for low and moderate income
29 households would meet the needs of citizens likely to live in the area if affordable residences were
30 available;
 - 31 3. Whether an increased permanent residential population in the residential targeted area
32 will help to achieve the planning goals mandated by the Growth Management Act under RCW 36.70A, as
33 implemented through the City's Comprehensive Plan;
 - 34 4. Whether encouraging additional housing in the residential targeted area is consistent
35 with plans for LINK Light Rail by Sound Transit; or
 - 36 5. Whether additional housing may contribute to revitalization of a distressed
neighborhood or area within the City.



1 C. At any time the Council may, by ordinance, in its sole discretion, amend or rescind the
2 designation of a residential targeted area pursuant to the same procedural requirements as set forth in this
3 chapter for original designation.

4 D. The following areas, as shown in the attached Attachments 1 through 9-11, are designated as
5 residential targeted areas under this chapter:

- 6 1. Martin Luther King Jr. Way South at South Holly Street;
- 7 2. Pioneer Square;
- 8 3. International District;
- 9 4. 23rd Avenue South at South Jackson;
- 10 5. Westlake (Denny Triangle);
- 11 6. South Park;
- 12 7. Columbia City;
- 13 8. Rainier Avenue South @ I-90;
- 14 9. Pike/Pine;
- 15 10. Capitol Hill;
- 16 11. Rainier Beach.

17 E. If a part of any legal lot is within a residential targeted areas as shown in Attachments 1
18 through 9-11, then the entire lot shall be deemed to lie within such residential targeted area.

19
20 Section 2. Seattle Municipal Code Section 5.72.040 as enacted in Ordinance 119237 and amended
21 in Ordinance 119371 is hereby further amended as follows:

22
23 **Section 5.72.040 Project Eligibility**

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

- 26 A. The property must be located in a residential targeted area.
- 27 B. The project must be multi-family housing consisting of at least four dwelling units within a
28 residential structure or as part of a mixed use development in which at least fifty percent of the space within
29 such residential structure or mixed use development is intended for permanent residential occupancy.
- 30 C. For new construction, a minimum of four new dwelling units must be created; for
31 rehabilitation or conversion of existing occupied structures, a minimum of four additional dwelling units
32 must be added.
- 33 D. For rehabilitation or conversion of an existing vacant building, the residential portion of the
34 building shall have been vacant for at least twelve (12) months before application for a conditional
35 exemption, and the rehabilitation improvements shall achieve a condition of substantial compliance with
36 the applicable building and construction codes contained in SMC Title 22.



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

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

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

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

18 (3) The replacement housing shall be completed, and a temporary or permanent
19 certificate of occupancy shall be issued, within three years from the date of approval of the application,
20 provided that the Director may extend the time for completion if the Director finds that: (i) the failure to
21 complete the replacement housing is due to circumstances beyond the owner's control; (ii) the owner has
22 been acting and may reasonably be expected to continue to act in good faith and with due diligence; and
23 (iii) the replacement housing will be completed within a reasonable time.

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

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

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

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

32 (1) Martin Luther King, Jr. Way South @ South Holly Street;

33 (2) Pioneer Square;

34 (3) ~~International District;~~

35 (4) 23rd Avenue South @ South Jackson;

36 (5) ~~(4)~~ Westlake (Denny Triangle);



- ~~(6)~~ (5) South Park;
- ~~(7)~~ (6) Columbia City; and
- ~~(8)~~ (7) Rainier Avenue South @ I-90; and
- (8) Rainier Beach.

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; ;
- (2) International District; and
- (3) Capitol Hill.

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. The configuration of housing units (e.g., studios, one-bedrooms, two-bedrooms, etc.) used to meet the requirement for affordable units under subsection (G) or (H) of this section shall be substantially proportional to the configuration of the total housing units in the project; provided, that all units of two or more bedrooms may be combined into a single category for the purpose of compliance with this provision.

K. Affordable housing units required under subsection (G) or (H) of this section shall be substantially the same interior construction quality as market rate units in the project.

L. 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.

M. 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.

N. 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



1 under those chapters. Such certificate of approval, permit or other approval shall satisfy the requirement
2 under subsection K M of this section that the applicant complete design review under SMC Chapter 23.41.

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

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

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

15
16 Section 3. Chapter 5.72 of the Seattle Municipal Code is hereby amended by adding a new
17 Section 5.72.065 as follows:

18
19 **Section 5.72.065 Amendment of Contract**

20 A. Any applicant seeking amendment(s) to the contract approved by the City Council may
21 do so by submitting a request in writing to the Director at any time within three years of the date of the
22 Council's approval of the contract.

23 B. The Director of Housing shall have authority to approve amendments to the Contract
24 between the applicant and the City which are substantially in the form of the contract approved by the City
25 Council. Amendments which are not reasonably within the scope of the approved contract, as determined
26 by the Director, shall be submitted to the City Council for approval by resolution.

27 C. Any applicant seeking amendments to the approved form of contract which in the sole
28 discretion of the Director require approval by the City Council shall pay to the City an amendment
29 application fee of \$500.00. If the City denies the amendment, the City will retain that portion of the fee
30 attributable to its own actual administrative costs and refund the balance, if any, to the applicant.

31 D. The date for expiration of the Conditional Certificate shall not be extended by contract
32 amendment unless (a) all the conditions for extension set forth in Section 5.72.070 are met, or (b) the
33 conditions set forth in Section 5.72.070 A. and B. are met and the City Council specifically approves the
34 extension.



1 Section 4. The amendments to Chapter 5.72 of the Municipal Code contained herein are declared
2 to be severable. If any section, subsection, paragraph, clause or other portion of any part is for any reason
3 held to be invalid or unconstitutional by any court of competent jurisdiction, such invalidity or
4 unconstitutionality shall not affect the validity or constitutionality of the remaining portions of the
5 Multifamily Housing Tax Exemption program.
6

7 Section 5. This ordinance shall take effect and be in force thirty (30) days from and after its
8 approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after
9 presentation, it shall take effect as provided by Municipal Code Section 1.04.020.
10

11 Passed by the City Council the ____ day of _____, 2000, and signed by me in open
12 session in authentication of its passage this ____ day of _____, 2000.

13 _____
14 President of the City Council

15 Approved by me this ____ day of _____, 2000.

16 _____
17 Paul Schell, Mayor

18 Filed by me this ____ day of _____, 2000.

19 _____
20 City Clerk

21 (SEAL)

22 Attachments:

- 23
- 24 1. Rainier Beach Tax Exemption Area
 - 25 2. Capitol Hill Tax Exemption Area
- 26



STATE OF WASHINGTON - KING COUNTY

124392

City of Seattle, Clerk's Office

—ss.

No. FULL ORDINAN

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:120135 ORD IN FUL

was published on
11/14/00

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
11/14/00
[Signature]
Notary Public for the State of Washington,
residing in Seattle

after the expiration of the term of the lease, the lessee shall be deemed to have accepted the premises and shall be bound by the terms of the lease. The Director (or the Department of Public Works) shall not be bound by the terms of the lease if the lessee fails to comply with the terms of the lease within the time specified in the lease. The Director (or the Department of Public Works) may, at its discretion, terminate the lease if the lessee fails to comply with the terms of the lease within the time specified in the lease.

vacant a revitalization of a dis-
multifamilyhood or area within the
extent of
community
The Council may, by or-
sole discretion, amend or re-
signation of a residential tar-
pursuant to the same proce-
ments as set forth in this
original designation.

Code 5.72.040, allowing areas, as shown in the
Attachments 1 through 9 11, are
TAL as residential targeted areas
DES chapter:

- 1. Martin Luther King Jr. Way South
to South Holly Street;
- 2. Pioneer Square;
- 3. International District;
- 4. 23rd Avenue South at South Jack-
son;
- 5. Westlake (Denny Triangle);
- 6. South Park;
- 7. Columbia City;
- 8. Rainier Avenue South @ I-90;
- 9. Pike/Pine;
- 10. Capitol Hill;
- 11. Rainier Beach.

E. If a part of any legal lot is within a
residential targeted areas as shown in At-
tachment 1 through 9 11, then the entire
lot shall be deemed to lie within such resi-
dential targeted area.

Section 2. Seattle Municipal Code Sec-
tion 5.72.040 as enacted in Ordinance
119237 and amended in Ordinance 119371
is hereby further amended as follows:

**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 be
vacant for at least twelve (12) months
before application for a conditionally
vacant and the rehabilitation of such
shall achieve a condition of
compliance with the applicable
and construction codes contained in
Title 22.

E. For rehabilitation or conversion of
existing occupied structures, the project
shall not be deemed to be a "displacement"
of existing tenants, as such term is defined in
Section 22.210.030(B) of the Seattle
Code.

F. For any new construction project
where an existing rental housing structure
that contained four or more occupy-
ing units was demolished on the same
new project within 12 months prior to
application for exemption under this chapter
or is to be demolished on that site for
purposes of the new project, the owner
shall agree, on terms and conditions satis-
fying the Director, to replace any units
such structure that were rented to
who receive a tenant relocation assist-
payment under SMC Ch. 22.210, sub-
chapter 22.210.030, with the following requirements:

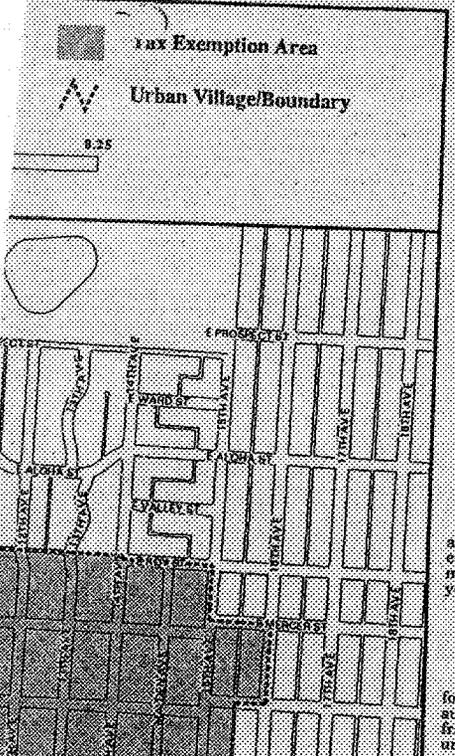
- (1) For the first ten calendar years of
operation of the replacement units, the
replacement units shall be affordable at
or below 50% of median income.
- (2) Replacement units may be accomplished
either as part of the new construction project
which application for exemption is made
under this chapter, or through the
construction of additional multiple
housing at another location, or through
the substantial rehabilitation of an
multiple-unit housing, or through
preservation of housing that is rented
the time of application to tenants with
household annual income at or below
50% of median income, and that the
Director determines would otherwise
be converted to a use other than rental
tenants with such income.
- (3) The replacement housing shall be
completed, and a temporary or permi-
nent certificate of occupancy shall be
issued, within three years from the date
of approval of the application, except
that the Director may extend the time
for completion if the Director finds that
the failure to complete the replacement
housing is due to circumstances be-
yond the owner's control; (ii) the owner
has been acting and may reasonably be
expected to continue to 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 resi-
dential structure was demolished before
the effective date of this Chapter 5.72
are not subject to the requirement of
this subsection.
- (5) Any demolition occurring after the
effective date of the application and prior
to the issuance of a final certificate of
occupancy shall be deemed to have been
done for purposes of the project.
- (6) For purposes of this subsection, a
project shall be deemed to be vacant for
at least twelve consecutive months prior
to the date of application shall be con-
sidered 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.

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

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;
- (2) International District; and
- (3) Capitol Hill.

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



11/14/00
THE

STATE OF WASHINGTON - KING COUNTY

124392
City of Seattle, Clerk's Office

—ss.

FULL ORDINANCE
No.

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:120135 ORD IN FUL

was published on
11/14/00

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

[Handwritten signature]

11/14/00

Subscribed and sworn to before me on

[Handwritten signature]

Notary Public for the State of Washington,
residing in Seattle

5. Whether additional contribute to residential City.

C. At any time the Council in its sole discretion shall have the authority to amend the designation of a residential area pursuant to the requirements as set forth in this chapter.

D. The following areas, as designated in Attachments I through III, shall be deemed to be residential targeted areas:

1. Martin Luther King Jr. at South Holly Street;
2. Pioneer Square;
3. International District;
4. 23rd Avenue South at South Park;
5. Westlake (Denny Triangler);
6. South Park;
7. Columbia City;
8. Rainier Avenue South at Pike/Pine;
9. Pike/Pine;
10. Capitol Hill;
11. Rainier Beach.

E. If a part of any legal lot or residential targeted area as designated in Attachments I through III, that lot shall be deemed to be residential targeted area.

Section 2. Seattle Municipal Code 5.72.040 as amended in 1993 and amended in Ordinance 118659 is hereby further amended as follows:

SECTION 5.72.040 PROJECTS TO BE ELIGIBLE FOR EXEMPTION FROM TAXATION UNDER THIS CHAPTER AND THE REQUIREMENTS:

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

B. The project must be multiple housing consisting of at least four units within a residential structure or part of a mixed use development. At least fifty percent of the space in 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 constructed for rehabilitation or conversion of existing structures, a minimum cost of additional dwelling units must be added.

D. For rehabilitation or conversion of existing vacant building, the project must be for more than one (1) year requires the holder to attend an approved refresher course.

OILERS / STEAM ENGINES

Minimum License Required
None
None
Grade V Boiler Fireman on premises
Two hour checks by a Grade IV Boiler Fireman
Semiannual check by a Boiler Supervisor and twice daily Fireman or a Small Power Boiler Fireman on premises
Small Power Boiler Fireman on premises
Two hour checks by a Grade IV Boiler Fireman
Two hour checks by a Grade III Steam Engineer

(6) Columbia City; and
 (7) Rainier Avenue South
 and
 (8) Rainier Beach.

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

- (1) Pike/Pine;
- (2) International District; and
- (3) Capitol Hill.

1. If the percentage of the number of affordable units in the project required in subsection (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. The configuration of housing units, (e.g., studios, one bedrooms, two bedrooms, etc.) used to meet the requirement for affordable units under subsection (G) or (H) of this section shall be substantially proportional to the configuration of the total housing units in the project, provided that all units of two or more bedrooms may be combined into a single category for the purpose of compliance with this section.

