

Ordinance No. 121915

Council Bill No. 115348

AN ORDINANCE relating to the Multifamily Property Tax Exemption Program, amending Section 5.73.020 of the Seattle Municipal Code (SMC) to revise current definitions, amending Subsections F and G of SMC Section 5.73.040 to revise the criteria for demolition and to clarify the right of first offer on rental projects, and amending SMC Section 5.73.050 to add additional application submittal requirements.

CF No. _____

Date Introduced:	AUG 15 2005	
Date 1st Referred:	AUG 15 2005	To: (committee) Housing, Human Services & Health
Date Re - Referred:	To: (committee)	
Date Re - Referred:	To: (committee)	
Date of Final Passage:	Full Council Vote:	
9-19-05	8-0	
Date Presented to Mayor:	Date Approved:	
9-20-05	9/22/05	
Date Returned to City Clerk:	Date Published:	T.O. <input checked="" type="checkbox"/>
9/23/05	7:00p	F.T. <input checked="" type="checkbox"/>
Date Vetoed by Mayor:	Date Veto Published:	
Date Passed Over Veto:	Veto Sustained:	

The City of Seattle - Legislative Department

Council Bill/Ordinance sponsored by: *Tom Rasmussen*
RASMUSSEN
Councilmember

Committee Action:

8-16-05 PASSED 1-0 TR

9-6-05 Held 1 week 9-0

9-12-05 Held 1 week

9-19-05 Passed As Amended 8-0 (Excused: Compton)

This file is complete and ready for presentation to Full Council. Committee: _____ (initial/date)

Law Department

Law Dept. Review OMP Review City Clerk Review *me* Electronic Copy Loaded Indexed

ORDINANCE 121915

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AN ORDINANCE relating to the Multifamily Property Tax Exemption Program, amending Section 5.73.020 of the Seattle Municipal Code (SMC) to revise current definitions, amending Section 5.73.040 to revise the criteria for demolition and to clarify the right of first offer on rental projects, and amending SMC Section 5.73.050 to add additional application submittal requirements.

WHEREAS, by Ordinance 121415, passed March 15, 2004, a new Chapter 5.73 of the Seattle Municipal Code was adopted, implementing RCW Chapter 84.14 to provide for exemption from ad valorem property taxation for qualified multi-family housing in designated target areas within the City and designating certain areas as residential targeted areas; and

WHEREAS, pursuant to Section 2 of Ordinance 121415 a committee composed of the designees of the Directors of the Office of Housing, the Department of Planning and Development, Department of Finance, and Council Central Staff reviewed the program and provided City Council a written report ("Executive Report") outlining development activity, types and numbers of units produced and their locations, rent and sales prices, information regarding the number of low and moderate income households benefiting from the program, the total amount of tax exempted annually and cumulatively, the impact of the tax exemption on individual homeowners of the City, and other appropriate factors; and

WHEREAS, the Executive Report contains recommendations for program amendments, including more complete designation of application requirements; and

NOW THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Subsections I and L of SMC Section 5.73.020, which was adopted by Ordinance 121415, are hereby amended as follows:

Section 5.73.020 Definitions



1 I. "Multifamily housing" means a building or buildings, including associated
2 housing improvements, having four or more dwelling units in each building, designed for
3 permanent residential occupancy resulting from new construction or rehabilitation or conversion
4 of vacant, underutilized, or substandard buildings.

5 ***

6
7 L. "Project" means ~~((a building or buildings))~~ the Multifamily housing that is to
8 receive the tax exemption, which Multifamily housing is located or to be located on real property
9 owned by one owner.

10 **Section 2.** Subsections F and G of SMC 5.73.040, which was adopted by Ordinance
11 121415, is hereby amended as follows:

12 **Section 5.73.040 Eligibility**

13 ***

14
15 F. For new construction, where an existing rental housing building that contained
16 four or more ~~((occupied))~~ dwelling units that were occupied and ((was)) demolished on the site
17 of the new project within ~~((12))~~ 18 months prior to the application for exemption under this
18 chapter, the owner shall agree, on terms and conditions satisfactory to the Director, to replace any
19 units within such building that were rented to tenants who received a tenant relocation assistance
20 payment under Chapter 22.210, subject to the following requirements:

21
22 1. For the first ten calendar years of operation of the replacement units, the
23 replacement units shall be affordable at or below 50% of median income.
24
25
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1 2. Replacement may be accomplished either as part of the new construction
2 for which application for exemption is made under this chapter, or through the new construction
3 of additional ((m))Multifamily housing at another location, or through the substantial
4 rehabilitation of vacant ((m))Multifamily housing, or through the preservation of
5 ((m))Multifamily housing that is rented at the time of application to tenants with household
6 annual income at or below 50% of median income, and that the Director determines would
7 otherwise be converted to a use other than rental to tenants with such income.
8

9 3. The replacement housing shall be completed, and a temporary or
10 permanent certificate of occupancy shall be issued, within three years from the date of approval
11 of the application, provided that the Director may extend the time for completion if the Director
12 finds that:
13

- 14 a. The failure to complete the replacement housing is due to
15 circumstances beyond the owner's control;
16 b. The owner has been acting and may reasonably be expected to
17 continue to act in good faith and with due diligence; and
18 c. The replacement housing will be completed within a reasonable
19 time.
20

21 4. Where the existing rental housing building was demolished before the
22 effective date of this Chapter 5.73, the requirements of this subsection do not apply.
23

24 G. Multifamily Housing Rental Projects --Affordability and Right of First Offer.
25
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28



1 1. Affordability. For rental ((m))Multifamily housing, an owner shall comply
2 with one of the following:

3 a. A minimum of 20% of the units shall be rented at Affordable Rents
4 to Income Eligible Occupants whose household income is at or below 60% of Median Income;

5 b. A minimum of 25% of the units shall be rented at Affordable Rents
6 to Income Eligible Occupants whose household income is at or below 65% of Median Income; or
7

8 c. A minimum of 30% of the units shall be rented at Affordable Rents
9 to Income Eligible Occupants whose household income is at or below 70% of Median Income.

10 2. Right of First Offer.

11 a. The City or its assignee shall have and retain, for the life of the
12 exemption granted under this chapter and for one additional year thereafter, a written right of first
13 offer under terms and conditions approved by the Director consistent with this subsection.
14

15 b. Such right of first offer shall be included in the contract with the
16 City required under subsection 5.73.060 of this chapter.

17 c. This right of first offer shall require that the owner, prior to placing
18 the rental ((m))Multifamily housing on the market for sale, shall inform the City in writing of the
19 owner's intent to sell the rental ((m))Multifamily housing. Following receipt of the owner's
20 notice of intent to sell, the City or the City's assignee shall have twenty (20) days to present the
21 owner with a written offer setting forth the price, terms and conditions under which the City or
22 its assignee is prepared to purchase the rental ((m))Multifamily housing.
23
24



1 owner shall verify the application by oath or affirmation. The application shall contain such
2 information as the Director may deem necessary or useful, and shall include:

3 1. A brief written description of the ~~((m))~~ Multifamily housing, and
4 preliminary schematic site and floor plans of the ~~((m))~~ Multifamily housing units and the
5 structure(s) in which they are proposed to be located;

6
7 2. A statement from the owner acknowledging the potential tax liability when
8 the ~~((m))~~ Multifamily housing ceases to be eligible for exemption under this chapter;

9 3. Information describing how the applicant will comply with the
10 affordability requirements in Subsections 5.73.040 G and H of this chapter; ~~((and))~~

11
12 4. In the case of rehabilitation improvements to an existing vacant building
13 under Section 5.73.020 ~~((K-1))~~ M verification from the Department of Planning and
14 Development of non-compliance with applicable building and housing codes as required under
15 Section 5.73.020 ~~((+))~~ M, and an affidavit from the owner verifying that the residential portion of
16 the building has been vacant for a period of 12 months prior to filing the application~~((:))~~;

17
18 5. If available, a housing market study that includes comparable rents in other
19 nearby housing projects; and

20 6. For rental projects, a preliminary operating budget, utilizing a form
21 provided by the Office of Housing that outlines annual anticipated operating income and
22 expenses for the first ten years of project operation.

23
24 ***



1 D. The application shall be submitted any time before, but no later than, the date the
2 first building permit under Seattle Municipal Code, Chapter 22, is issued.

3 **Section 4.** Any act pursuant to the authority of this ordinance and prior to its effective
4 date is hereby ratified and confirmed.

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

8 Passed by the City Council the 19th day of September, 2005, and signed by me in
9 open session in authentication of its passage this 19th day of September, 2005.
10
11

12 Jordan Crago
13
14 President _____ of the City Council

15 Approved by me this 22nd day of September, 2005.

16 Gregory J. Nickels
17
18 Gregory J. Nickels, Mayor

19 Filed by me this 23rd day of September, 2005.

20 Justin E. Pappas
21
22 City Clerk

23 (Seal)

24
25 Exhibit A: Application: Property Tax Exemption for Multifamily Housing
26

Exhibit A: APPLICATION
Property Tax Exemption for Multifamily Housing
(Pursuant to Chapter 5.73 of the Seattle Municipal Code)

Applicant's Information

Owner: _____
Address: _____
Phone: _____ FAX: _____
e-mail: _____

Owner's
Representative: _____
(if applicable)
Address: _____

Phone: _____ FAX: _____
e-mail: _____

Note: This application is intended to be signed by the building owner of record or designee. The application may be rejected or additional documentation required if the signer is other than the building owner of record.

Property Information

Interest in property:
 Fee Simple Contract purchase Other (describe) _____
County Assessor's parcel account number(s): _____
Street Address: _____
Legal Description (Attach separate sheet if needed): _____

Residential Target Area (See SMC 5.73.030(D)): _____



Application for Multifamily Property Tax Exemption
 City of Seattle Office of Housing

Project Information

Project Name or Designation: _____

Brief written description of the project (preliminary conceptual design, description of unit finishes, site plan and floor plans of the units and structure must be submitted with this application): _____

Type of Project (check all that apply):

Residential Rental Residential For-Sale Mixed Use

Number of Dwelling Units Proposed: Rental _____ For Sale _____ Total _____

Floor area: Building total (sq. ft.) _____ For permanent residential occupancy (sq. ft.)* _____

**Include residential common areas, circulation and mechanical space, and residential parking in calculation of residential square footage. Exclude residential units offered for rent for periods of less than one month. "Residential parking" includes: (1) parking required by the Seattle Land Use Code as accessory to residential use; (2) resident parking included in lease or sale price of residential units; (3) parking restricted by agreement to use by residential owners or tenants.*

Unit Information

Unit Type (# BRs)	# of units	Approx. avg. sf.	Projected rent or sales price (market rate)	# of units (affordable)	Projected rent or sales price (affordable units)
Total					

Non-residential Space (if applicable)



Application for Multifamily Property Tax Exemption
City of Seattle Office of Housing

Description _____ Floor Area (sq. ft.) _____

Affordability. To be granted the tax exemption, the owner must agree to meet the following requirements: (please check which one)

- At least 30% of the units affordable at or below 70% of median income.
- At least 25% of the units affordable at or below 65% of median income.
- At least 20% of the units affordable at or below 60% of median income.

Projected total cost of new construction/rehabilitation: \$ _____
(Number should agree with Form 1. Exclude cost of land.)

If mixed use, projected cost of residential improvements: \$ _____

Estimated construction start date: _____ Expected completion date: _____

List permits and approvals obtained as of the date of tax exemption application: _____

CHECK ALL THAT APPLY:

New Construction. Will any occupied housing units be demolished? YES NO

Were any occupied housing units demolished in the past 18 months on this site? YES NO

Date of demolition (if known): _____

of existing units to be demolished _____ # of units demolished in past 18 months _____

Rehabilitation of Vacant Units. # of vacant housing units _____

Date units last occupied: _____ Building is is not in compliance with applicable building and housing codes (DPD verification required—please attach).

Rehabilitation of Occupied Units. Will four or more additional units be created as part of a rehabilitation project? YES NO

If yes, will any residents be displaced as part of this project? YES NO

Attachments to Application

Please attach and check the following:



Application for Multifamily Property Tax Exemption
City of Seattle Office of Housing

- Preliminary conceptual design, including site plan and floor plans of the multifamily units and the overall structure.
- Preliminary development budget (Form 1 or equivalent)
- Rentals only.* Preliminary operating budget, that outlines annual anticipated operating income and expenses for the first ten years of project operation. (Form 2 or equivalent)
- A market study, if available, that includes comparable rents in other nearby housing projects.
- Representative photographs of site and exterior of any existing structures (color photocopy is acceptable)
- For rehabilitation of an existing vacant structure, verification from DPD of non-compliance with applicable building and housing codes.
- Application fee of \$3,800 for residential use building, or \$4,900 for mixed residential and non-residential use building. Checks should be made payable to the City of Seattle.

Statement of Potential Tax Liability

If the exemption is canceled for non-compliance an additional tax will be imposed that includes: (a) the difference between the tax paid and the tax that would have been owed if it had included the value of the nonqualifying improvements dated back to the date that the improvements became nonqualifying; (b) a penalty of 20% of the difference; (c) interest at the statutory rate on the tax and penalties calculated from the date the tax would have been due without penalty if the improvements had been assessed without regard to the exemptions provided by Chapter 84.14 RCW and Chapter 5.73 SMC.

Owner's initial: _____

Certification

As owner(s) of the land described in this application, I hereby indicate by (my/our) signature(s) below that (I/we) are aware of the additional tax liability to which the property will be subject if the exemption authorized by Chapter 84.14 RCW and Chapter 5.73 SMC is canceled. I/We declare under penalty of perjury under the laws of the State of Washington that the above information and any attachments are accurate and correct to the best of (my/our) knowledge.

I certify that the affordable units will have substantially the same level of interior fixtures and quality of finish as market rate units in the same development as required in SMC 5.73.040 subsection K.

Owner's initial: _____



Application for Multifamily Property Tax Exemption
City of Seattle Office of Housing

For rehabilitation of a vacant building:

I certify that the existing dwelling units have been vacant for a period of twelve months prior to the filing of this application. [] YES [] NO [] not applicable

Owner's Signature

Date

Print Name

Title

Owner's Signature

Date

Print Name

Title



FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	DOF Analyst/Phone:
OH	Angela Brooks/4-0262	Janet Credo/4-8687

Legislation Title:

AN ORDINANCE relating to the Multifamily Property Tax Exemption Program, amending Section 5.73.020 of the Seattle Municipal Code (SMC) to revise current and add new definitions, amending Subsections F and G of SMC Section 5.73.040 to revise the criteria for demolition and to clarify the right of first offer on rental projects, and amending SMC Section 5.73.050 to add additional application submittal requirements.

- **Summary of the Legislation:** The proposed ordinance will make minor amendments to the Multifamily Tax Exemption Program, Seattle Municipal Code Chapter 5.73.
- **Background:** *(Include brief description of the purpose and context of legislation and include record of previous legislation and funding history, if applicable):*

The Multifamily Tax Exemption Program was passed on March 15, 2004 by Ordinance 121415, creating a new Chapter 5.73 of the Seattle Municipal Code, implementing RCW Chapter 84.14 to provide for exemption from ad valorem property taxation for qualified multi-family housing in designated target areas within the City and designating certain areas as residential targeted areas. Program legislation requires annual program status review by City Council. Annual reports are due no later than March 31 of each year.

Pursuant to Chapter 5.73 SMC, a committee composed of the designees of the Directors of the Office of Housing, the Department of Planning and Development, Department of Finance, and Council Central Staff reviewed the program and provided a written report outlining development activity in the first year of the program and evaluating the effects of the program on housing production, housing affordability, and property tax revenues. The report was provided to Council earlier this year.

The executive report on the annual review of the multifamily property tax exemption program contains recommendations for program amendments and the designation of additional application requirements.

- *Please check one of the following:*

This legislation does not have any financial implications. *(Stop here and delete the remainder of this document prior to saving and printing.)*



This legislation has financial implications. (Please complete all relevant sections that follow.)

Appropriations: This table should reflect appropriations that are a direct result of this legislation. In the event that the project/ programs associated with this ordinance have appropriations that were, or will be, received because of previous or future legislation or budget actions, please provide details in the Notes section below.

Fund Name and Number	Department	Budget Control Level*	2005 Appropriation	2006 Anticipated Appropriation
TOTAL				

*See budget book to obtain the appropriate Budget Control Level for your department.

Notes:

Anticipated Revenue/Reimbursement: Resulting From This Legislation: This table should reflect revenues/reimbursements that are a direct result of this legislation. In the event that the issues/projects associated with this ordinance/resolution have revenues or reimbursements that were, or will be, received because of previous or future legislation or budget actions, please provide details in the Notes section below the table.

Fund Name and Number	Department	Revenue Source	2005 Revenue	2006 Revenue
TOTAL				

Notes:



Total Regular Positions Created Or Abrogated Through This Legislation, Including FTE

Impact: This table should only reflect the actual number of positions created by this legislation. In the event that positions have been, or will be, created as a result of previous or future legislation or budget actions, please provide details in the Notes section below the table.

Position Title and Department*	Fund Name	Fund Number	Part-Time/ Full Time	2005 Positions	2005 FTE	2006 Positions**	2006 FTE**
TOTAL							

* List each position separately

** 2006 positions and FTE are total 2006 position changes resulting from this legislation, not incremental changes. Therefore, under 2006, please be sure to include any continuing positions from 2005

Notes:

- **Do positions sunset in the future?** (If yes, identify sunset date):

Spending/Cash Flow: This table should be completed only in those cases where part or all of the funds authorized by this legislation will be spent in a different year than when they were appropriated (e.g., as in the case of certain grants and capital projects). Details surrounding spending that will occur in future years should be provided in the Notes section below the table.

Fund Name and Number	Department	Budget Control Level*	2005 Expenditures	2006 Anticipated Expenditures
TOTAL				

* See budget book to obtain the appropriate Budget Control Level for your department.

Notes:

- **What is the financial cost of not implementing the legislation?** (Estimate the costs to the City of not implementing the legislation, including estimated costs to maintain or expand an existing facility or the cost avoidance due to replacement of an existing facility, potential conflicts with regulatory requirements, or other potential costs if the legislation is not implemented.)



- **What are the possible alternatives to the legislation that could achieve the same or similar objectives?** *(Include any potential alternatives to the proposed legislation, such as reducing fee-supported activities, identifying outside funding sources for fee-supported activities, etc.)*
- **Is the legislation subject to public hearing requirements:** *(If yes, what public hearings have been held to date, and/or what plans are in place to hold a public hearing(s) in the future.)* No.
- **Other Issues** *(including long-term implications of the legislation):*

Please list attachments to the fiscal note below:

ORDINANCE _____

1
2 AN ORDINANCE relating to the Multifamily Property Tax Exemption Program, amending
3 Section 5.73.020 of the Seattle Municipal Code (SMC) to revise current definitions,
4 amending Section 5.73.040 to revise the criteria for demolition and to clarify the right
5 of first offer on rental projects, and amending SMC Section 5.73.050 to add additional
6 application submittal requirements.

7
8 WHEREAS, by Ordinance 121415, passed March 15, 2004, a new Chapter 5.73 of the Seattle
9 Municipal Code was adopted, implementing RCW Chapter 84.14 to provide for
10 exemption from ad valorem property taxation for qualified multi-family housing in
11 designated target areas within the City and designating certain areas as residential
12 targeted areas; and

13
14 WHEREAS, pursuant to Section 2 of Ordinance 121415 a committee composed of the
15 designees of the Directors of the Office of Housing, the Department of Planning and
16 Development, Department of Finance, and Council Central Staff reviewed the program
17 and provided City Council a written report ("Executive Report") outlining development
18 activity, types and numbers of units produced and their locations, rent and sales prices,
19 information regarding the number of low and moderate income households benefiting
20 from the program, the total amount of tax exempted annually and cumulatively, the
21 impact of the tax exemption on individual homeowners of the City, and other
22 appropriate factors; and

23
24 WHEREAS, the Executive Report contains recommendations for program amendments,
25 including more complete designation of application requirements; and

26
27 NOW THEREFORE,

28
BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Subsections I and L of SMC Section 5.73.020, which was adopted by
Ordinance 121415, are hereby amended as follows:

Section 5.73.020 Definitions



1 I. "Multifamily housing" means a building or buildings, including associated
2 housing improvements, having four or more dwelling units in each building, designed for
3 permanent residential occupancy resulting from new construction or rehabilitation or conversion
4 of vacant, underutilized, or substandard buildings.

5 ***

6
7 L. "Project" means ~~((a building or buildings))~~ the Multifamily housing that is to
8 receive the tax exemption, which Multifamily housing is located or to be located on real property
9 owned by one owner.

10 **Section 2.** Subsections F and G of SMC 5.73.040, which was adopted by Ordinance
11 121415, is hereby amended as follows:

12 **Section 5.73.040 Eligibility**

13 ***

14
15 F. For new construction, where an existing rental housing building that contained
16 four or more ~~((occupied))~~ dwelling units that were occupied and ((was)) demolished on the site
17 of the new project within ~~((12))~~ 36 months prior to the application for exemption under this
18 chapter, the owner shall agree, on terms and conditions satisfactory to the Director, to replace any
19 units within such building that were rented to tenants who received a tenant relocation assistance
20 payment under Chapter 22.210, subject to the following requirements:

21
22 1. For the first ten calendar years of operation of the replacement units, the
23 replacement units shall be affordable at or below 50% of median income.
24
25
26
27
28



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

9 3. The replacement housing shall be completed, and a temporary or
10 permanent certificate of occupancy shall be issued, within three years from the date of approval
11 of the application, provided that the Director may extend the time for completion if the Director
12 finds that:
13

14 a. The failure to complete the replacement housing is due to
15 circumstances beyond the owner's control;

16 b. The owner has been acting and may reasonably be expected to
17 continue to act in good faith and with due diligence; and
18

19 c. The replacement housing will be completed within a reasonable
20 time.
21

22 4. Where the existing rental housing building was demolished before the
23 effective date of this Chapter 5.73, the requirements of this subsection do not apply.

24 G. Multifamily Housing Rental Projects --Affordability and Right of First Offer.
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28



1 1. Affordability. For rental ((m))Multifamily housing, an owner shall comply
2 with one of the following:

3 a. A minimum of 20% of the units shall be rented at Affordable Rents
4 to Income Eligible Occupants whose household income is at or below 60% of Median Income;

5 b. A minimum of 25% of the units shall be rented at Affordable Rents
6 to Income Eligible Occupants whose household income is at or below 65% of Median Income; or
7

8 c. A minimum of 30% of the units shall be rented at Affordable Rents
9 to Income Eligible Occupants whose household income is at or below 70% of Median Income.

10 2. Right of First Offer.

11 a. The City or its assignee shall have and retain, for the life of the
12 exemption granted under this chapter and for one additional year thereafter, a written right of first
13 offer under terms and conditions approved by the Director consistent with this subsection.
14

15 b. Such right of first offer shall be included in the contract with the
16 City required under subsection 5.73.060 of this chapter.

17 c. This right of first offer shall require that the owner, prior to placing
18 the rental ((m))Multifamily housing on the market for sale, shall inform the City in writing of the
19 owner's intent to sell the rental ((m))Multifamily housing. Following receipt of the owner's
20 notice of intent to sell, the City or the City's assignee shall have twenty (20) days to present the
21 owner with a written offer setting forth the price, terms and conditions under which the City or
22 its assignee is prepared to purchase the rental ((m))Multifamily housing.
23
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1 owner shall verify the application by oath or affirmation. The application shall contain such
2 information as the Director may deem necessary or useful, and shall include:

3 1. A brief written description of the ~~((m))~~ Multifamily housing, and
4 preliminary schematic site and floor plans of the ~~((m))~~ Multifamily housing units and the
5 structure(s) in which they are proposed to be located;

6 2. A statement from the owner acknowledging the potential tax liability when
7 the ~~((m))~~ Multifamily housing ceases to be eligible for exemption under this chapter;

8 3. Information describing how the applicant will comply with the
9 affordability requirements in Subsections 5.73.040 G and H of this chapter; ~~((and))~~
10

11 4. In the case of rehabilitation improvements to an existing vacant building
12 under Section 5.73.020 ~~((K-1))~~ M verification from the Department of Planning and
13 Development of non-compliance with applicable building and housing codes as required under
14 Section 5.73.020 ~~((+))~~ M, and an affidavit from the owner verifying that the residential portion of
15 the building has been vacant for a period of 12 months prior to filing the application~~((:))~~;
16

17 5. If available, a housing market study that includes comparable rents in other
18 nearby housing projects; and
19

20 6. For rental projects, a preliminary operating budget, utilizing a form
21 provided by the Office of Housing that outlines annual anticipated operating income and
22 expenses for the first ten years of project operation.
23

24 ***



1 D. The application shall be submitted any time before, but no later than, the date the
2 first building permit under Seattle Municipal Code, Chapter 22, is issued.

3 **Section 4.** Any act pursuant to the authority of this ordinance and prior to its effective
4 date is hereby ratified and confirmed.

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

9 Passed by the City Council the ____ day of _____, 2005, and signed by me in
10 open session in authentication of its passage this ____ day of _____, 2005.
11

12
13 _____
14 President _____ of the City Council

15 Approved by me this ____ day of _____, 2005.

16
17 _____
18 Gregory J. Nickels, Mayor

19 Filed by me this ____ day of _____, 2005.

20
21 _____
22 City Clerk

23 (Seal)

24
25 Exhibit A: Application: Property Tax Exemption for Multifamily Housing
26



Exhibit A: APPLICATION
Property Tax Exemption for Multifamily Housing
(Pursuant to Chapter 5.73 of the Seattle Municipal Code)

Applicant's Information

Owner: _____

Address: _____

Phone: _____ FAX: _____

e-mail: _____

Owner's Representative: _____
(if applicable)

Address: _____

Phone: _____ FAX: _____

e-mail: _____

Note: This application is intended to be signed by the building owner of record or designee. The application may be rejected or additional documentation required if the signer is other than the building owner of record.

Property Information

Interest in property:
 Fee Simple Contract purchase Other (describe) _____

County Assessor's parcel account number(s): _____

Street Address: _____

Legal Description (Attach separate sheet if needed): _____

Residential Target Area (See SMC 5.73.030(D)): _____



Project Information

Project Name or Designation: _____

Brief written description of the project (preliminary conceptual design, description of unit finishes, site plan and floor plans of the units and structure must be submitted with this application): _____

Type of Project (check all that apply):

Residential Rental Residential For-Sale Mixed Use

Number of Dwelling Units Proposed: Rental _____ For Sale _____ Total _____

Floor area: Building total (sq. ft.) _____ For permanent residential occupancy (sq. ft.)* _____

*Include residential common areas, circulation and mechanical space, and residential parking in calculation of residential square footage. Exclude residential units offered for rent for periods of less than one month. "Residential parking" includes: (1) parking required by the Seattle Land Use Code as accessory to residential use; (2) resident parking included in lease or sale price of residential units; (3) parking restricted by agreement to use by residential owners or tenants.

Unit Information

Unit Type (# BRs)	# of units	Approx. avg. sf.	Projected rent or sales price (market rate)	# of units (affordable)	Projected rent or sales price (affordable units)
Total					

Non-residential Space (if applicable)



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City of Seattle Office of Housing

Description _____ Floor Area (sq. ft.) _____

Affordability. To be granted the tax exemption, the owner must agree to meet the following requirements: (please check which one)

- At least 30% of the units affordable at or below 70% of median income.
- At least 25% of the units affordable at or below 65% of median income.
- At least 20% of the units affordable at or below 60% of median income.

Projected total cost of new construction/rehabilitation: \$ _____
(Number should agree with Form 1. Exclude cost of land.)

If mixed use, projected cost of residential improvements: \$ _____

Estimated construction start date: _____ Expected completion date: _____

List permits and approvals obtained as of the date of tax exemption application: _____

CHECK ALL THAT APPLY:

New Construction. Will any occupied housing units be demolished? YES NO

Were any occupied housing units demolished in the past 36 months on this site? YES NO

Date of demolition (if known): _____

of existing units to be demolished _____ # of units demolished in past 36 months _____

Rehabilitation of Vacant Units. # of vacant housing units _____

Date units last occupied: _____ Building is is not in compliance with applicable building and housing codes (DPD verification required—please attach).

Rehabilitation of Occupied Units. Will four or more additional units be created as part of a rehabilitation project? YES NO

If yes, will any residents be displaced as part of this project? YES NO

Attachments to Application

Please attach and check the following:



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- Preliminary conceptual design, including site plan and floor plans of the multifamily units and the overall structure.
- Preliminary development budget (Form 1 or equivalent)
- Rentals only.* Preliminary operating budget, that outlines annual anticipated operating income and expenses for the first ten years of project operation. (Form 2 or equivalent)
- A market study, if available, that includes comparable rents in other nearby housing projects.
- Representative photographs of site and exterior of any existing structures (color photocopy is acceptable)
- For rehabilitation of an existing vacant structure, verification from DPD of non-compliance with applicable building and housing codes.
- Application fee of \$3,800 for residential use building, or \$4,900 for mixed residential and non-residential use building. Checks should be made payable to the City of Seattle.

Statement of Potential Tax Liability

If the exemption is canceled for non-compliance an additional tax will be imposed that includes: (a) the difference between the tax paid and the tax that would have been owed if it had included the value of the nonqualifying improvements dated back to the date that the improvements became nonqualifying; (b) a penalty of 20% of the difference; (c) interest at the statutory rate on the tax and penalties calculated from the date the tax would have been due without penalty if the improvements had been assessed without regard to the exemptions provided by Chapter 84.14 RCW and Chapter 5.73 SMC.

Owner's initial: _____

Certification

As owner(s) of the land described in this application, I hereby indicate by (my/our) signature(s) below that (I/we) are aware of the additional tax liability to which the property will be subject if the exemption authorized by Chapter 84.14 RCW and Chapter 5.73 SMC is canceled. I/We declare under penalty of perjury under the laws of the State of Washington that the above information and any attachments are accurate and correct to the best of (my/our) knowledge.

I certify that the affordable units will have substantially the same level of interior fixtures and quality of finish as market rate units in the same development as required in SMC 5.73.040 subsection K.

Owner's initial: _____



Application for Multifamily Property Tax Exemption
City of Seattle Office of Housing

For rehabilitation of a vacant building:

I certify that the existing dwelling units have been vacant for a period of twelve months prior to the filing of this application. [] YES [] NO [] not applicable

Owner's Signature

Date

Print Name

Title

Owner's Signature

Date

Print Name

Title



STATE OF WASHINGTON – KING COUNTY

--SS.

190498
CITY OF SEATTLE, CLERKS OFFICE

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.

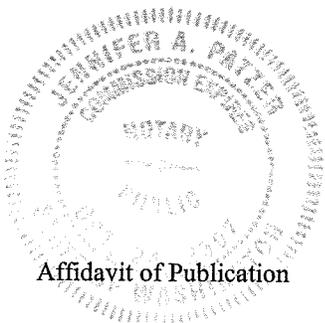
The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:121915 ORD IN FULL

was published on

10/03/05

The amount of the fee charged for the foregoing publication is the sum of \$ 357.75, which amount has been paid in full.



Affidavit of Publication

Subscribed and sworn to before me on

10/03/05

Notary public for the State of Washington,
residing in Seattle

City of Seattle

ORDINANCE 121915

AN ORDINANCE relating to the Multifamily Property Tax Exemption Program, amending Section 5.73.020 of the Seattle Municipal Code (SMC) to revise current definitions, amending Section 5.73.040 to revise the criteria for demolition and to clarify the right of first offer on rental projects, and amending SMC Section 5.73.050 to add additional application submittal requirements.

WHEREAS, by Ordinance 121415, passed March 15, 2004, a new Chapter 5.73 of the Seattle Municipal Code was adopted, implementing RCW Chapter 84.14 to provide for exemption from ad valorem property taxation for qualified multi-family housing in designated target areas within the City and designating certain areas as residential targeted areas; and

WHEREAS, pursuant to Section 2 of Ordinance 121415 a committee composed of the designees of the Directors of the Office of Housing, the Department of Planning and Development, Department of Finance, and Council Central Staff reviewed the program and provided City Council a written report ("Executive Report") outlining development activity, types and numbers of units produced and their locations, rent and sales prices, information regarding the number of low and moderate income households benefiting from the program, the total amount of tax exempted annually and cumulatively, the impact of the tax exemption on individual homeowners of the City, and other appropriate factors; and

WHEREAS, the Executive Report contains recommendations for program amendments, including more complete designation of application requirements; and

NOW THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Subsections I and L of SMC Section 5.73.020, which was adopted by Ordinance 121415, are hereby amended as follows:

Section 5.73.020 Definitions

I. "Multifamily housing" means a building or buildings, including associated housing improvements, having four or more dwelling units in each building, designed for permanent residential occupancy resulting from new construction or rehabilitation or conversion of vacant, underutilized, or substandard buildings.

L. "Project" means ~~(a building or buildings)~~ the Multifamily housing that is to receive the tax exemption, which Multifamily housing is located or to be located on real property owned by one owner.

Section 2. Subsections F and G of SMC 5.73.040, which was adopted by Ordinance 121415, is hereby amended as follows:

Section 5.73.040 Eligibility

F. For new construction, where an existing rental housing building that contained four or more (occupied) dwelling units that were occupied and ~~(was)~~ demolished on the site of the new project within ~~(12)~~ 18 months prior to the application for exemption under this chapter, the owner shall agree, on terms and conditions satisfactory to the Director, to replace any units within such building that were rented to tenants who received a tenant relocation assistance payment under Chapter 22.210, subject to the following requirements:

State of Washington, King County

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 may be accomplished either as part of the new construction for which application for exemption is made under this chapter, or through the new construction of additional ~~(m)~~Multifamily housing at another location, or through the substantial rehabilitation of vacant ~~(m)~~Multifamily housing, or through the preservation of ~~(m)~~Multifamily housing that is rented at 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 to tenants with such income.

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

a. The failure to complete the replacement housing is due to circumstances beyond the owner's control;

b. The owner has been acting and may reasonably be expected to continue to act in good faith and with due diligence; and

c. The replacement housing will be completed within a reasonable time.

4. Where the existing rental housing building was demolished before the effective date of this Chapter 5.73, the requirements of this subsection do not apply.

G. Multifamily Housing Rental Projects -- Affordability and Right of First Offer.

1. Affordability. For rental ~~(m)~~Multifamily housing, an owner shall comply with one of the following:

a. A minimum of 20% of the units shall be rented at Affordable Rents to Income Eligible Occupants whose household income is at or below 60% of Median Income;

b. A minimum of 25% of the units shall be rented at Affordable Rents to Income Eligible Occupants whose household income is at or below 65% of Median Income; or

c. A minimum of 30% of the units shall be rented at Affordable Rents to Income Eligible Occupants whose household income is at or below 70% of Median Income.

2. Right of First Offer.

a. 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 subsection.

b. Such right of first offer shall be included in the contract with the City required under subsection 5.73.060 of this chapter.

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

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

e. In the event that the owner submits a notice of intent to sell to the City, and either the City or its assignee does not submit an offer within the permitted timeframe, or the City or its assignee submits an offer and no sale to the City or its assignee occurs for reasons not the fault of the owner, the owner shall not, with the exception provided below, have further obligations under this provision for a period of one year from the date the notice of intent to sell is received by the City. Provided, however, that in the event the City or its assignee makes an offer to purchase the rental ~~(m)~~Multifamily housing but no sale occurs, the owner may not offer the rental ~~(m)~~Multifamily housing for sale to a third party at a price and under terms and conditions more favorable to the buyer than the terms offered by the City for a period of one year from the date the offer is received by the owner.

Section 3. Subsections A and D of SMC 5.73.050, which was adopted by Ordinance 121415, are hereby amended as follows:

Section 5.73.050 Application Procedure -- Fee

A. The owner of ~~(m)~~Multifamily housing applying for exemption under this chapter shall submit an application to the Director, on a form adopted by the City Council. The owner shall verify the application by oath or affirmation. The application shall contain such information as the Director may deem necessary or useful, and shall include:

1. A brief written description of the ~~(m)~~Multifamily housing, and preliminary schematic site and floor plans of the ~~(m)~~Multifamily housing units and the structure(s) in which they are proposed to be located;

2. A statement from the owner acknowledging the potential tax liability when the ~~(m)~~Multifamily housing ceases to be eligible for exemption under this chapter;

3. Information describing how the applicant will comply with the affordability requirements in Subsections 5.73.040 G and H of this chapter; ~~(and)~~

4. In the case of rehabilitation improvements to an existing vacant building under Section 5.73.020 ~~(K-1)~~ M verification from the Department of Planning and Development of non-compliance with applicable building and housing codes as required under Section 5.73.020 ~~(I)~~ M, and an affidavit from the owner verifying that the residential portion of the building has been vacant for a period of 12 months prior to filing the application~~(-)~~;

5. If available, a housing market study that includes comparable rents in other nearby housing projects; and

6. For rental projects, a preliminary operating budget, utilizing a form provided by the Office of Housing that outlines annual anticipated operating income and expenses for the first ten years of project operation.

D. The application shall be submitted any time before, but no later than, the date the first building permit under Seattle Municipal Code, Chapter 22, is issued.

Section 4. Any act pursuant to the authority of this ordinance and prior to its effective date is hereby ratified and confirmed.

Section 5. 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 19th day of September, 2005, and signed by me in open session in authentication of its passage this 19th day of September, 2005.

Jan Drago

President of the City Council

Approved by me this 22nd day of September, 2005.

Gregory J. Nickels, Mayor

Filed by me this 23rd day of September, 2005.

(Seal) Judith Pippin

City Clerk

Exhibit A: Application: Property Tax Exemption for Multifamily Housing

See City Clerk for Exhibit

Publication ordered by JUDITH PIPPIN, City Clerk

Date of publication in the Seattle Daily Journal of Commerce, October 3, 2005.

10/3(190498)