

MULTIFAMILY TAX EXEMPTION PROGRAM

City Audit Findings and Recommendations: Office of Housing Response

October 29, 2012

PRESENTATION SUMMARY

Audit Recommendations: Three Categories

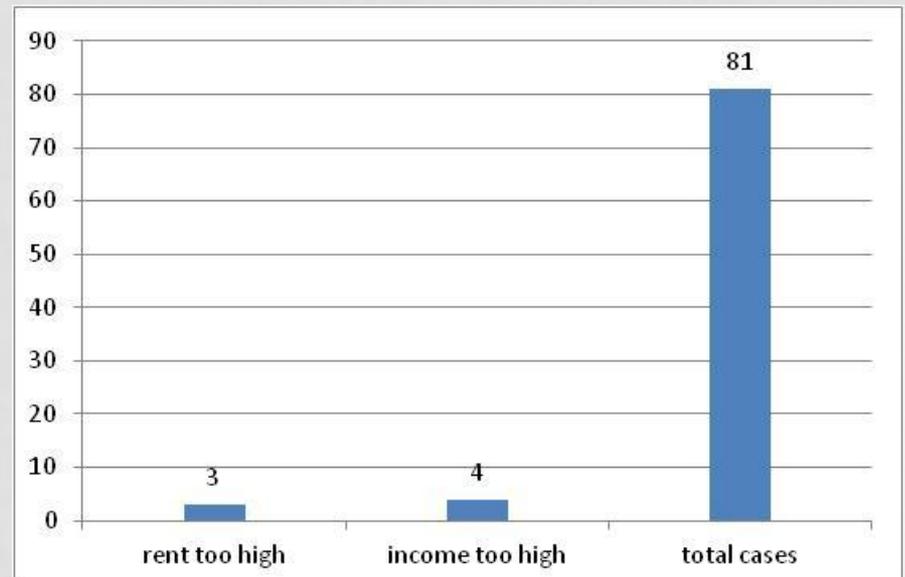
CATEGORY	COUNCIL ACTION REQUIRED?
Administrative Procedures	No
Program Rules	Some
Policy Intent	Yes

Discussion: 2012 year-to-date activity reports

COMPLIANCE ISSUES, 1

Cases of non-compliance (n=81)

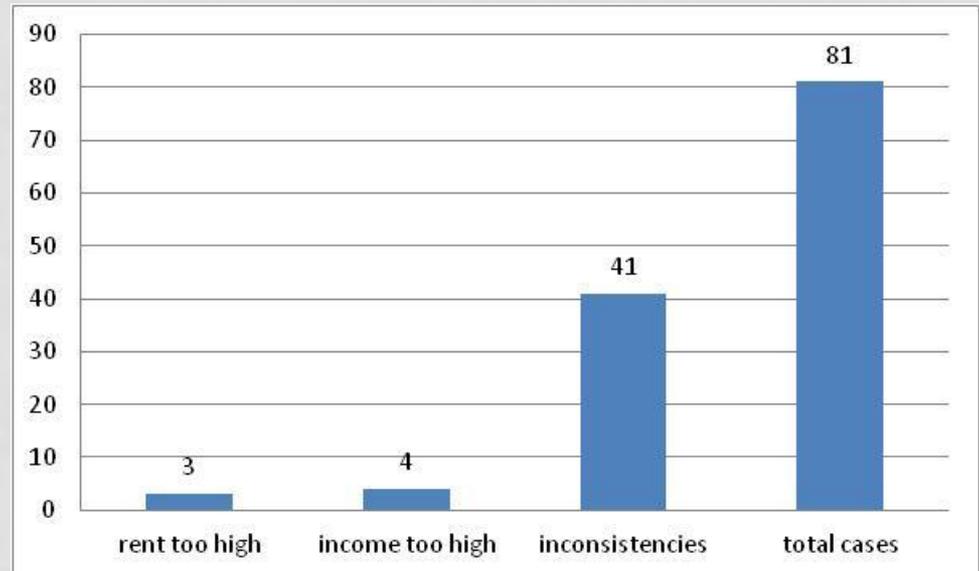
- Rent too high: 3
- Income too high: 4



COMPLIANCE ISSUES, 2

Instances of inconsistent data (41) do not equate to non-compliance

- Mismatches of incomes or rent levels in applications, source documents, and annual reports
- Missing data or definitional questions



STRENGTHEN PROCEDURES

Any level of non-compliance or administrative gaps merit attention

Actions currently underway:

- Process overhaul and procedural documentation
- On-site monitoring
- Elevated coordination with DPD and King County Department of Assessments
- Analysis of program rules and administrative policy

REVISIT PROGRAM RULES

Establish basis for potential rule changes, e.g.:

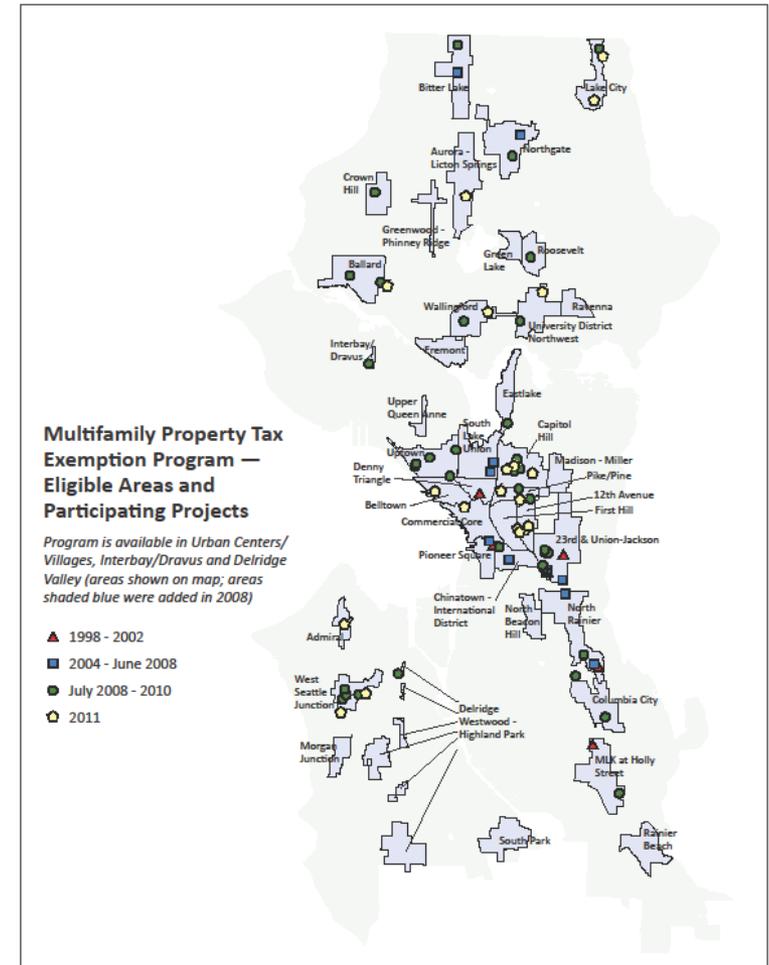
- Treatment of vacant units
- Permissible tenants
- Forms of income documentation
- Income requalification

Propose rule changes as warranted; Council action would be required for most

REVIEW INTENT AND EFFECTIVENESS, 1

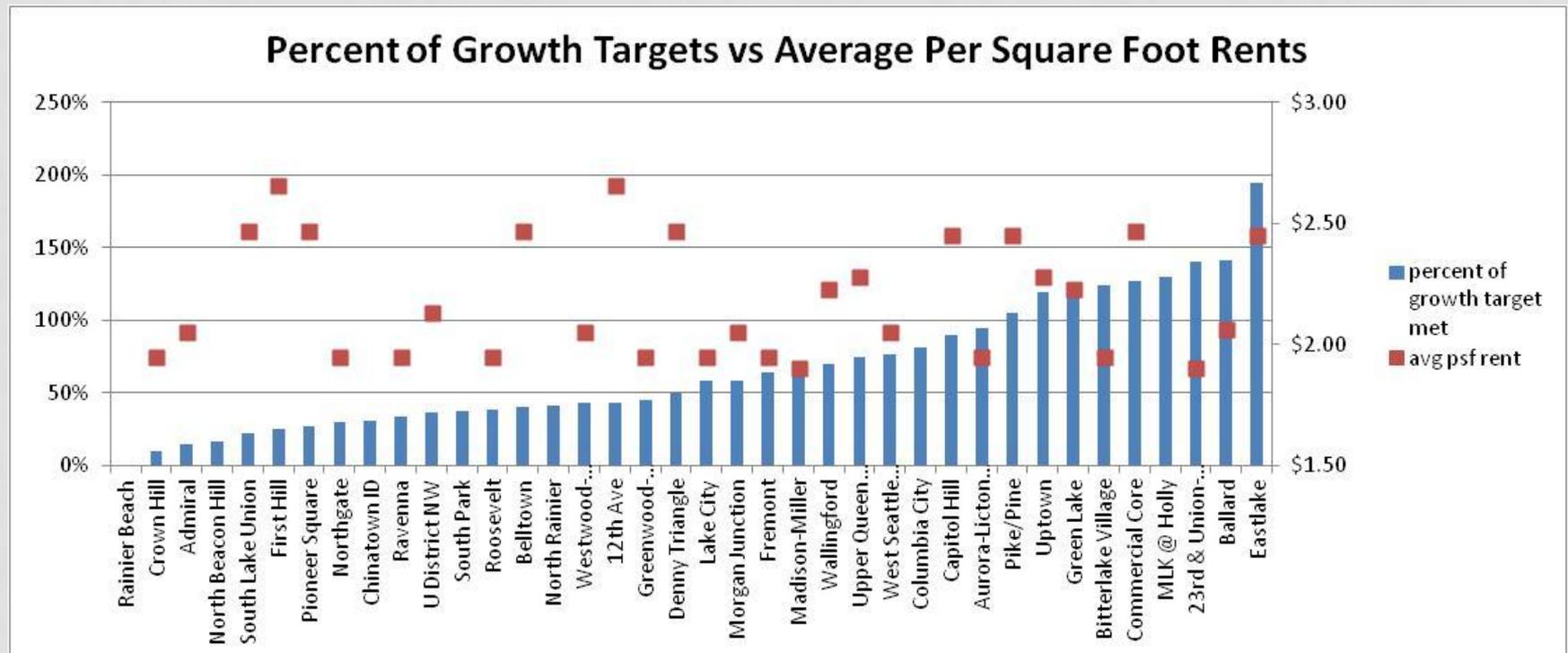
Revisit objectives

- Stimulate development (incentivize construction in cooler markets)
- Promote affordability (ensure workforce-level rents in hotter markets)



REVIEW INTENT AND EFFECTIVENESS, 2

Revisit locations: percent of growth target as an indicator of market vitality?



REVIEW INTENT AND EFFECTIVENESS, 3

Sound program decisions depend on performance targets and measurability in areas such as:

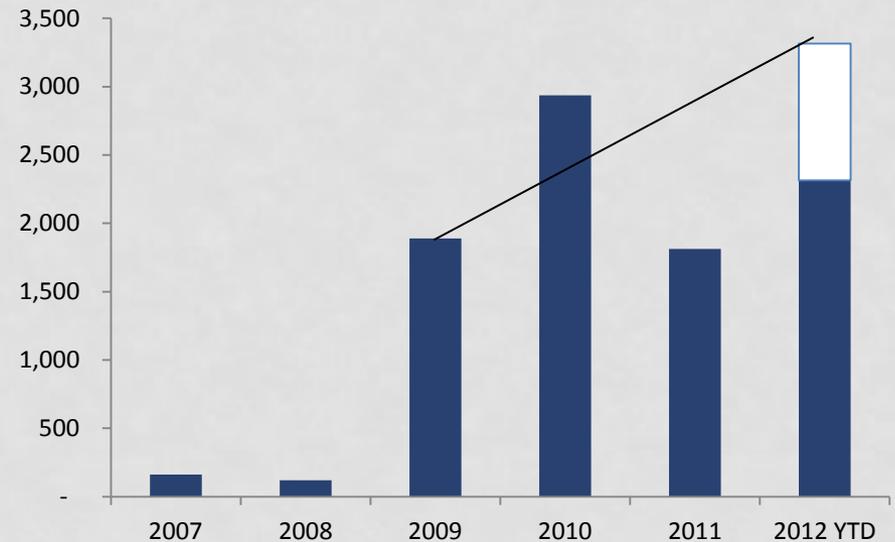
- Tenant characteristics (e.g., incomes, employment, household size)
- Rent differentials (market vs MFTE)
- Commute patterns (location efficiency)

First quarter 2013: continued collaboration with Council to strengthen the program

2012 PERFORMANCE TO DATE, 1

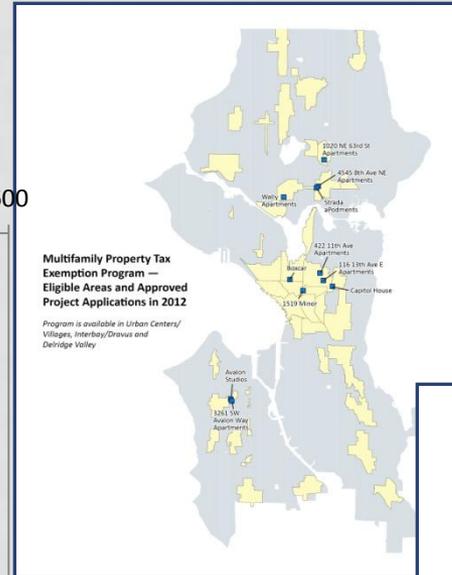
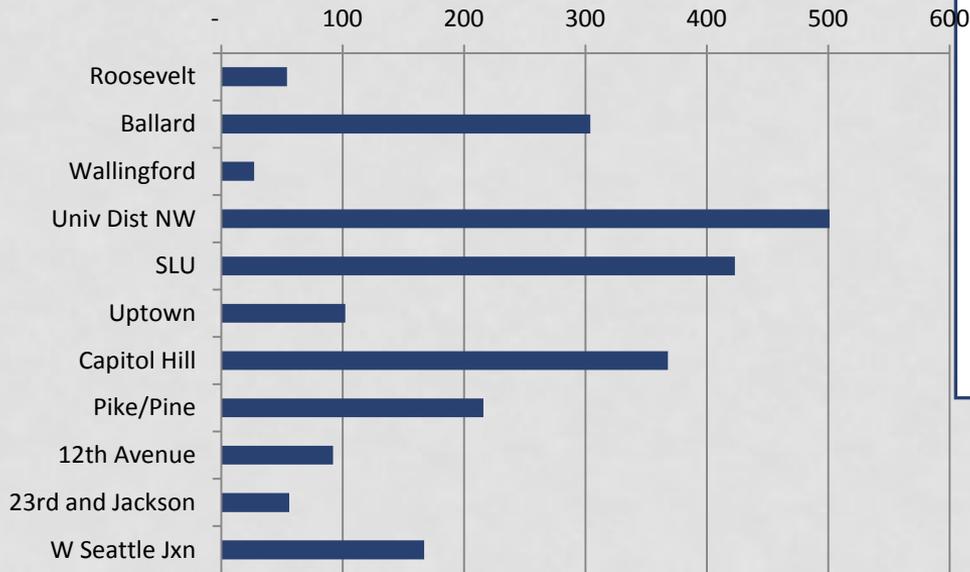
- Applications approved for 24 separate projects
- 2,310 rental units (475 rent restricted)
- 5 homeownership units (5 rent-restricted)
- Since August, received applications for about 300 additional units

Approved MFTE Applications by Year
(excludes projects regulated by other programs)

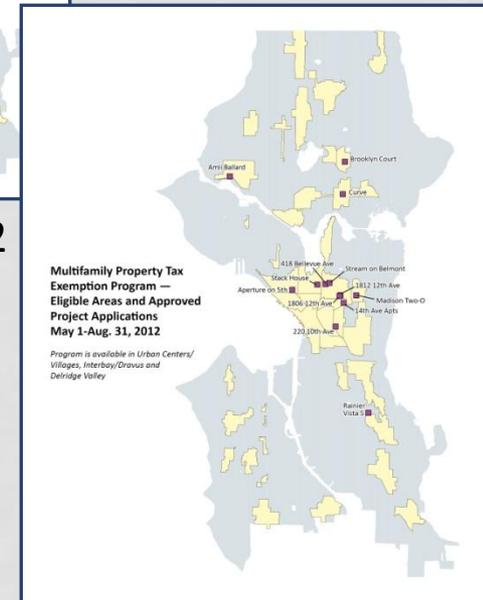


2012 PERFORMANCE TO DATE, 2

2012 MFTE Projects: Total Units by Location, thru 8/31/12, n=2,310 (rental units only)



Jan – April, 2012



May - August, 2012