

ORDINANCE _____

AN ORDINANCE relating to the Multifamily Tax Exemption Program, amending Sections 5.73.010, 5.73.020, 5.73.030, 5.73.040, 5.73.050, 5.73.065, 5.73.070, 5.73.090, and 5.73.100 of the Seattle Municipal Code.

WHEREAS, Chapter 5.73 of the Seattle Municipal Code, as adopted by Ordinance 121415 and amended by Ordinance 121915, implements Chapter 84.14 of the Revised Code of Washington concerning tax exemption for qualified Multifamily Housing; and

WHEREAS, amendments to Chapter 84.14 of the Revised Code of Washington during the 2007 Regular Session require amendments to Chapter 5.73 of the Seattle Municipal Code; and

WHEREAS, Ordinance 121415 requests the Executive to periodically prepare reports on program activity and recommend program modifications if needed; and

WHEREAS, the Executive's report contains recommendations for program amendments; and

WHEREAS, housing market conditions have significantly changed since the last program review in 2005, requiring reconsideration of affordability guidelines, Residential Targeted Areas, and other program requirements in order for the program to continue to offer effective incentives to developers; and

WHEREAS, the City Council finds that those areas within the City designated as urban center villages, hub urban villages or residential urban villages in the Land Use Element of the City's Comprehensive Plan satisfy the requirements of an Urban Center, as defined in this Ordinance and RCW 84.14.040; and

WHEREAS, the City Council finds that each additional Residential Targeted Area contained in this Ordinance is located within an Urban Center as defined in this Ordinance and RCW 84.14.040; and

WHEREAS, the City Council finds that each additional Residential Targeted Area contained in this Ordinance lacks sufficient available, desirable, and convenient residential housing, including affordable housing, to meet the needs of the public who would be likely to live in the area if affordable, desirable, attractive and livable residences were available; and

WHEREAS, the City Council finds that designating additional Residential Targeted Areas will encourage increased residential opportunities in Urban Centers that have insufficient housing by stimulating the construction of new multifamily housing, including affordable

1 housing, and the rehabilitation of existing vacant and underutilized buildings for
2 multifamily housing, including affordable housing; and

3 WHEREAS, the City Council solicited public comment regarding designation of additional
4 Residential Targeted Areas at public hearings on _____;
5 and

6 WHEREAS, the City finds that workers living close to jobs has environmental, transportation,
7 and community benefits;

8 NOW, THEREFORE,

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

10 Section 1. Section 5.73.010 of the Seattle Municipal Code, which section was adopted
11 by Ordinance 121415, is amended as follows:

12 Section 5.73.010 Purpose

13 A. The purposes of this Chapter are:

14 1. To encourage more ~~((m))~~Multifamily ~~((h))~~Housing opportunities within the
15 City;

16 2. To stimulate ~~((the))~~new construction ~~((of new multifamily housing))~~ and the
17 rehabilitation of existing vacant and underutilized buildings for ~~((m))~~Multifamily ~~((h))~~Housing;

18 3. To increase the supply of ~~((m))~~Multifamily ~~((h))~~Housing opportunities within
19 the City for low and moderate income households;

20 4. To ~~((assist in accomplishing the planning goals required under the Growth
21 Management Act, RCW chapter 36.70A, as implemented by the City's Comprehensive Plan,
22 by))~~ increase~~((ing))~~ the supply of ~~((m))~~Multifamily ~~((h))~~Housing opportunities in ~~((u))~~Urbans
23 ~~((e))~~Centers that are behind in meeting their 20-year residential growth targets, ~~((i.e., areas that~~
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1 ~~have met 25% or less of their 20-year residential growth target as indicated in the January 2004~~
2 ~~update to Appendix 1 of the March 2003 Department of Planning and Development report~~
3 ~~“Monitoring Our Progress: Seattle’s Comprehensive Plan;”1))~~ based on Department of Planning
4 and Development (DPD) statistics;

5 5. To promote community development, affordable housing, and neighborhood
6 revitalization in ((~~¶~~))Residential ((~~¶~~))Targeted ((~~¶~~))Areas;

7 6. To preserve and protect buildings, objects, sites and neighborhoods with
8 historic, cultural, architectural, engineering or geographic significance located within the City;

9 7. To encourage the creation of both rental and homeownership (~~“workforce~~
10 ~~housing,” i.e., housing affordable to households earning between 60% and 80% of median~~
11 ~~income, that would not otherwise be developed by the market in residential targeted areas.))~~
12 ~~housing for Seattle’s workers who have difficulty finding affordable housing within the City;~~
13 ~~and~~

14 ~~and~~
15 ~~and~~
16 8. To encourage the creation of mixed-income housing that is affordable to
17 households with a range of incomes in ((~~¶~~))Residential ((~~¶~~))Targeted ((~~¶~~))Areas.

18 B. Any one or more of these purposes may be furthered by the designation of a
19 ((~~¶~~))Residential ((~~¶~~))Targeted ((~~¶~~))Area under this chapter.

20 Section 2. Section 5.73.020 of the Seattle Municipal Code, which section was previously
21 amended by Ordinance 121915, is hereby amended as follows:

22 Section 5.73.020 Definitions

23 A. “Affordable ((~~¶~~))Rent” means that the annual rent plus tenant paid utilities for the unit
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1 do not exceed thirty (30%) of the percentage of ~~((m))~~Median ~~((annual))~~ ~~((i))~~Income designated
2 by this chapter for qualifying units ~~((for the residential targeted area in which the unit is~~
3 ~~located))~~.

4 B. "Affordable Unit" means a unit that is rented at an Affordable Rent to an Income
5 Eligible Occupant, or sold to an Income Eligible Occupant for owner-occupied Multifamily
6 Housing.

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8 C. "Assessor" means the King County Assessor.

9 D. "Director" means the Director of the City's Office of Housing, or any other City
10 office, department or agency that shall succeed in its functions with respect to this chapter, or his
11 or her authorized designee.

12 E. "Economically Distressed Area" means all or a portion of a Housing Investment Area
13 designated in ~~((the 2004 Update to))~~ Seattle's Consolidated Plan for Housing and Community
14 Development as updated from time to time.~~((, adopted by Ordinance 114710.1))~~

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16 F. "Household ~~((a))~~Annual ~~((i))~~Income" means the aggregate annual income of all
17 persons over eighteen (18) years of age residing within the same household for a period of at
18 least one (1) month.

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20 G. "Income Eligible Occupant" means that the ~~((h))~~Household ~~((a))~~Annual ~~((i))~~Income
21 at initial occupancy of the ~~((tenant))~~ household that will occupy the ~~((rental))~~ unit~~((, at the time~~
22 ~~of the tenant household's initial occupancy,))~~ is no greater than the percentage of ~~((m))~~Median
23 ~~((i))~~Income designated in this chapter. A person shall not cease to be an Income Eligible
24 Occupant solely because the ~~((h))~~Household ~~((a))~~Annual ~~((i))~~Income exceeds the annual income
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1 limit set forth in this chapter after the date of initial occupancy.

2 H. "Median ~~((i))~~Income" means annual family median income for the Seattle-Bellevue-
3 Everett Primary Metropolitan Statistical Area, as published from time to time by HUD, ~~((and))~~
4 as adjusted for household size according to the method used by HUD for income limits in
5 subsidized housing and according to HUD rules for the HOME program for presumed family
6 size based on the number of bedrooms in a unit. ~~((For purposes of rent limits, median income~~
7 ~~generally is adjusted according to the presumed family size based on the number of bedrooms in~~
8 ~~a unit, consistent with HUD rules for the HOME program.))~~

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10 I. "Multifamily ~~((h))~~Housing" means a building or buildings, including associated
11 housing improvements, having four (4) or more dwelling units in each building, designed for
12 ~~((p))~~Permanent ~~((r))~~Residential ~~((o))~~Occupancy resulting from new construction or rehabilitation
13 or conversion of vacant, underutilized, or substandard buildings.

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15 J. "Owner" means the property owner of record ~~((of the multifamily housing)).~~

16 K. "Permanent ~~((r))~~Residential ~~((o))~~Occupancy" means ~~((m))~~Multifamily ~~((h))~~Housing
17 that provides either rental or owner occupancy for a period of at least one (1) month. This
18 excludes hotels and motels that predominately offer rental accommodation on a daily or weekly
19 basis.
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21 L. "Project" means the Multifamily ~~((h))~~Housing or portion of the Multifamily Housing
22 that is to receive the tax exemption~~((, which Multifamily housing is located or to be located on~~
23 ~~real property owned by one owner)).~~

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25 M. "Rehabilitation ~~((i))~~Improvements" means (1) modifications to an existing building,
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1 the residential portion of which has been vacant for at least ~~((12))~~twenty-four (24) months prior
2 to application for exemption under this chapter, that are made to achieve a condition of
3 ~~((s))~~Substantial ~~((e))~~Compliance with the applicable building and construction codes contained
4 or incorporated in Seattle Municipal Code (SMC) Chapter 22; or (2) modifications to an
5 existing occupied residential building or ~~((mixed-use))~~mixed-use building that contains
6 occupied residential units, ~~((that))~~which add at least four (4) ~~((multifamily housing))~~new
7 dwelling units.

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9 N. "Residential ~~((t))~~Targeted ~~((a))~~Area" means an area within an ~~((u))~~Urban ~~((e))~~Center
10 that has been so designated by the City Council pursuant to this chapter.

11 O. "Substantial Compliance" means compliance with the applicable building and
12 construction codes contained or incorporated in SMC Chapter 22 that is typically required for
13 rehabilitation as opposed to new construction.

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15 P. "Urban ~~((e))~~Center" has the same meaning as "urban center" as defined in RCW
16 84.14.010~~((, and for purposes of this chapter includes, among other areas, any neighborhood that~~
17 ~~is within an area designated as either an urban center village, a hub urban village or a residential~~
18 ~~urban village in the City's Comprehensive Plan)).~~

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20 Section 3. Section 5.73.030 of the Seattle Municipal Code, which section was adopted
21 by Ordinance 121415, is hereby amended as follows:

22 Section 5.73.030 Residential ~~((t))~~Targeted ~~((a))~~Areas – Criteria – Designation

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24 A. Following notice and public hearing as prescribed in RCW 84.14.040, the Council
25 may designate one or more ~~((r))~~Residential ~~((t))~~Targeted ~~((a))~~Areas upon a finding by the
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1 Council in its sole discretion that the ((#))Residential ((#))Targeted ((#))Area meets the following
2 criteria:

3 1. The ((#))Residential ((#))Targeted ((#))Area is within an ((#))Urban
4 ((#))Center;

5 2. The ((#))Residential ((#))Targeted ((#))Area lacks sufficient available, desirable
6 and convenient residential housing, including affordable housing, to meet the needs of the public
7 who would be likely to live in the ((#))Urban ((#))Center if desirable, attractive, affordable and
8 livable residences were available; and

9 3. Providing additional housing opportunity, including affordable housing, in the
10 ((#))Residential ((#))Targeted ((#))Area will assist in achieving one or more of the following
11 purposes:

12 a.. Encourage increased residential opportunities within the City; or

13 b. Stimulate the construction of new affordable ((M))multifamily
14 housing; or

15 c. Encourage the rehabilitation of existing vacant and underutilized
16 buildings(~~for Multifamily housing~~).

17 B. In designating a ((#))Residential ((#))Targeted ((#))Area, the Council may also
18 consider other factors, including:

19 1. Whether an increased permanent residential population in the ((#))Residential
20 ((#))Targeted ((#))Area will help to achieve the planning goals mandated by the Growth
21 Management Act under RCW 36.70A;~~(, as implemented through the City's Comprehensive Plan~~

1 ~~for those urban centers that are behind in meeting their 20-year residential growth targets in the~~
2 ~~Comprehensive Plan, i.e., areas that have met 25% or less of their residential growth target, as~~
3 ~~indicated in the January 2004 update to Appendix 1 of the March 2003 Department of Planning~~
4 ~~and Development report "Monitoring Our Progress: Seattle's Comprehensive Plan;"1))~~

5 2. Whether the area is an Economically Distressed Area;

6 3. Whether the City has identified the area or neighborhood by Resolution as one
7 in which the City wants to encourage the development of mixed-income housing, including
8 affordable housing;

9 4. Whether the area or neighborhood was designated as a ((~~¶~~))Residential
10 ((~~¶~~))Targeted ((~~neighborhood~~))Area in the City's prior Multifamily Tax Exemption program,
11 RCW chapter 5.72, and is one in which the City wants to encourage the development of mixed-
12 income housing, including affordable housing.

13 C. At any time the Council may, by ((~~o~~))Ordinance, in its sole discretion, amend or
14 rescind the designation of a ((~~¶~~))Residential ((~~¶~~))Targeted ((~~a~~))Area pursuant to the same
15 procedural requirements set forth in RCW 84.14.040 for original designation.

16 D. The following areas, as shown in Attachment A, Maps 1 through ((~~17~~))39, are
17 designated as ((~~¶~~))Residential ((~~¶~~))Targeted ((~~a~~))Areas under this chapter:

- 18 1. 23rd & Jackson-Union
19 2. Bitter Lake
20 3. Capitol Hill
21 4. Chinatown-International District

- 1 5. Columbia City
- 2 6. Denny Triangle
- 3 7. First Hill
- 4 8. MLK @ Holly
- 5 9. North Beacon Hill
- 6 10. North Rainier
- 7 11. Northgate
- 8 12. Pioneer Square
- 9 13. Rainier Beach
- 10 14. South Lake Union
- 11 15. South Park
- 12 16. University District NW
- 13 17. Delridge/Westwood-Highland Park
- 14 18. 12th Avenue
- 15 19. Pike/Pine
- 16 20. Belltown
- 17 21. Ravenna
- 18 22. Ballard
- 19 23. Fremont
- 20 24. Lake City
- 21 25. West Seattle Junction
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1 ~~housing must satisfy all of the following requirements~~)A. To be eligible for exemption from
2 property taxation, in addition to other requirements set forth in this Chapter 5.73, the
3 Multifamily Housing, for either rental or homeownership occupancy, must be in compliance
4 with the applicable requirements below for the entire exemption period:

5 ((A))1. The ((m))Multifamily ((h))Housing must be located in a ((r))Residential
6 ((t))Targeted ((a))Area.

7 ((B))2. The ((m))Multifamily ((h))Housing must be part of a residential or
8 mixed-use project (combining residential and non-residential), in which at least fifty percent
9 (50%) of the gross floor area within such project is intended for ((p))Permanent ((r))Residential
10 ((o))Occupancy.

11 ((C))3. For new construction, a minimum of four (4) new dwelling units must be
12 created; for rehabilitation or conversion of existing occupied structures, a minimum of four (4)
13 additional dwelling units must be added.

14 ((D))4. For rehabilitation or conversion of existing vacant buildings, the
15 residential portion of the buildings shall have been vacant for at least ~~((twelve (12)))~~ twenty-four
16 (24) months before application for tax exemption, the buildings must fail to comply with one or
17 more standards of the applicable building and construction code contained or incorporated in
18 SMC Chapter 22 and upon completion of rehabilitation or conversion the building must ~~((, and~~
19 ~~the rehabilitation improvements shall))~~ achieve a condition of ((s))Substantial ((e))Compliance
20 ~~((with the applicable building and construction codes contained in Chapter 22)).~~

21 ((E))5. For rehabilitation or conversion of existing occupied buildings, there shall
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1 be no "displacement" of existing residential tenants, as such term is defined in Section
2 22.210.030 (E);

3 ~~((F))~~6. For new construction, where an existing rental housing building that
4 contained four (4) or more dwelling units that were occupied and demolished on the site of the
5 new project within ~~((48))~~thirty (30) months prior to the application for exemption under this
6 chapter, the ~~((o))~~Owner shall agree, on terms and conditions satisfactory to the Director, to
7 replace any units within such building that were rented to tenants who received a tenant
8 relocation assistance payment under SMC Chapter 22.210, subject to the following
9 requirements:
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11 ~~((1))~~a. For the first ten (10) calendar years of operation of the
12 replacement units, the replacement units shall be affordable at or below fifty percent (50%) of
13 ~~((m))~~Median ~~((i))~~Income.
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15 ~~((2))~~b. Replacement may be accomplished either as part of the
16 new construction for which application for exemption is made under this chapter, or through the
17 new construction of additional ~~((M))~~multifamily housing at another location, or through the
18 substantial rehabilitation of vacant ~~((M))~~multifamily housing, or through the preservation of
19 ~~((M))~~multifamily housing that is rented at the time of application to tenants with ~~((h))~~Household
20 ~~((a))~~Annual ~~((i))~~Income at or below fifty percent (50%) of ~~((m))~~Median ~~((i))~~Income, and that the
21 Director determines would otherwise be converted to a use other than rental to tenants with such
22 income.
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24 ~~((3))~~c. The replacement housing shall be completed, and a
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1 temporary or permanent certificate of occupancy shall be issued, within three (3) years from the
2 date of approval of the application as described in Subsection 5.73.060, provided that the
3 Director may extend the time for completion if the Director finds that:

4 ((a))i. The failure to complete the replacement housing is
5 due to circumstances beyond the ((o))Owner's control;

6 ((b))ii. The ((o))Owner has been acting and may
7 reasonably be expected to continue to act in good faith and with due diligence; and
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9 ((e))iii. The replacement housing will be completed within
10 a reasonable time.

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

13 ~~((G. Multifamily Housing Rental Projects—Affordability and Right of First Offer~~

14 ~~1. Affordability. For rental Multifamily housing, an owner shall comply with~~
15 ~~one of the following:~~

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

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

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

22 ~~2. Right of First Offer.~~

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

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

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

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

16 ~~e. In the event that the owner submits a notice of intent to sell to the City,~~
17 ~~and either the City or its assignee does not submit an offer within the permitted timeframe, or the~~
18 ~~City or its assignee submits an offer and no sale to the City or its assignee occurs for reasons not~~
19 ~~the fault of the owner, the owner shall not, with the exception provided below, have further~~
20 ~~obligations under this provision for a period of one year from the date the notice of intent to sell~~
21 ~~is received by the City. Provided, however, that in the event the City or its assignee makes an~~

1 ~~offer to purchase the rental Multifamily housing but no sale occurs, the owner may not offer the~~
2 ~~rental Multifamily housing for sale to a third party at a price and under terms and conditions~~
3 ~~more favorable to the buyer than the terms offered by the City for a period of one year from the~~
4 ~~date the offer is received by the owner.~~

5 ~~_____ H. Owner occupied Multifamily housing projects — Affordability and Right of First~~
6 ~~Refusal.~~

7 ~~_____ 1. Affordability.~~

8 ~~_____ a. For owner occupied multifamily housing, units eligible for the exemption must~~
9 ~~have a sales price at initial sale after the grant of exemption that does not exceed the FHA~~
10 ~~mortgage limit for Seattle, as adjusted annually and must be sold to households with incomes at~~
11 ~~the time of purchase at or below 80 percent of Median Income.~~

12 ~~_____ b. The contract with the City required under Section 5.73.060 of this chapter~~
13 ~~shall identify those units that are designated to meet the affordability requirements of this~~
14 ~~subsection H.~~

15 ~~_____ 2. Right of First Refusal. For those owner occupied units identified to meet the~~
16 ~~affordability requirement under this subsection H, the City shall have and retain, for the life of~~
17 ~~the exemption granted under this chapter, a written right of first refusal under terms and~~
18 ~~conditions approved by the Director, exercisable in the event the owner receives a bona fide~~
19 ~~offer to buy the property from an owner whose household income exceeds the affordability~~
20 ~~limits in this Section 5.73.040, giving the City or its assignee the right to purchase the property~~
21 ~~on substantially the same terms as such bona fide offer. Such right of first refusal shall be~~

1 included in the contract with the City required under Section ~~5.73.060~~ of this chapter.))

2 ((~~I. The affordability requirements contained in subsections G and H apply for the period~~
3 ~~of time the multifamily housing is receiving the tax exemption. If, in calculating the number of~~
4 ~~units needed to comply with the affordability requirements of Subsection G, the resulting~~
5 ~~number of Affordable Units is a fraction, then the number of Affordable Units shall be rounded~~
6 ~~up to the next whole number.~~))

7
8 ((~~J. The mix and configuration of housing units (e.g., studio, one bedroom, two~~
9 ~~bedroom, etc.) used to meet the affordability requirements of subsection G shall be substantially~~
10 ~~proportional to the mix and configuration of the total housing units in the oroject; provided that~~
11 ~~all units of two or more bedrooms may be combined into a single category for the purpose of~~
12 ~~compliance with this provision. When the project contains more than one building, all of the~~
13 ~~Affordable Units required by subsection G may not be located in the same building.~~))

14
15 ((~~K. Affordable Units required under subsection G shall have substantially the same~~
16 ~~level of interior fixtures and quality of finish as market rate units in the project.~~))

17
18 ((~~L. For new construction of multifamily housing, the applicant shall complete the~~
19 ~~design review process under Chapter 23.41, whether or not the multifamily housing would be~~
20 ~~subject to design review under Chapter 23.41 if the owner had not applied for property tax~~
21 ~~exemption under this chapter. For multifamily housing not subject to mandatory design review~~
22 ~~under Section 23.41.004A, the applicant shall complete administrative design review under~~
23 ~~Section 23.41.016.~~))

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25 ((~~M~~))7. The ((~~applicant~~))Owner shall obtain a certificate of approval, permit, or

1 other approval under SMC Chapter 25.12, Landmarks Preservation Ordinance, SMC Chapter
2 23.66, Special Review Districts, or those provisions of SMC Chapter 25.16, SMC Chapter 25.20,
3 SMC Chapter 25.22, SMC Chapter 25.24, or SMC Chapter 25.28, relating to Landmark or
4 Historical Districts, if such certificate of approval, permit or other approval is required under
5 those chapters. ~~((Such certificate of approval, permit or other approval shall satisfy the
6 requirement under subsection L that the applicant complete design review if design review is not
7 mandatory under Section 23.41.004A.))~~

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9 ~~((N))~~8. The ~~((m))~~Multifamily ~~((h))~~Housing must comply with all applicable
10 zoning requirements, land use regulations, and building and housing code requirements
11 contained or incorporated in SMC Chapters 22, 23 and 25~~((of the Seattle Municipal Code))~~.

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13 ~~((O))~~9. For the duration of the exemption granted under this chapter, the
14 ~~((m))~~Multifamily ~~((h))~~Housing and the property on which it is located shall have no violations of
15 applicable zoning requirements, land use regulations, and building and housing code
16 requirements contained or incorporated in SMC Chapters 22, 23 and 25 ~~((of the Seattle
17 Municipal Code))~~ for which ~~((the Department of Planning and Development))~~ DPD has issued a
18 notice of violation that is not resolved by a certificate of compliance, certificate of release, or
19 withdrawal within the time period for compliance provided in such notice of violation and any
20 extension of the time period for compliance granted by the Director of ~~((the Department of
21 Planning and Development))~~ DPD.

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23 ~~((P))~~10. ~~((New construction of))~~The ~~((m))~~Multifamily ~~((h))~~Housing ~~((and
24 rehabilitation improvements))~~ must be scheduled to be completed within three (3) years from the
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1 date of approval of the application.

2 B. In addition to the requirements in Subsection 5.73.040 A above, rental projects must
3 comply with the following affordability requirements from the date of application for the Final
4 Certificate of Tax Exemption for the duration of the exemption period:

5 1. If at least ten percent (10%) of the units in a Project contain two (2) or more
6 bedrooms, a minimum of twenty percent (20%) of all the units in the Project shall be Affordable
7 Units rented to tenants whose Household Annual Income is at or below ninety percent (90%) of
8 Median Income for studio units and one hundred percent (100%) of Median Income for one (1)
9 bedroom and larger units.

10 2. If fewer than ten percent (10%) of the units in a Project contain two (2) or
11 more bedrooms, a minimum of twenty-five percent (25%) of all the units in the Project shall be
12 rented to tenants whose Household Annual Income is at or below ninety percent (90%) of
13 Median Income for studio units and one hundred percent (100%) of Median Income for one (1)
14 bedroom and larger units.

15 3. If, in calculating the number of Affordable Units, the number contains a
16 fraction, then the number of Affordable Units shall be rounded up to the next whole number.

17 4. The mix and configuration of Affordable Units (e.g., studio, one-bedroom,
18 two-bedroom, etc.) shall be substantially proportional to the mix and configuration of the total
19 housing units in the Project; provided that all units of two or more bedrooms may be combined
20 into a single category for the purpose of compliance with this provision. When the Project
21 contains more than one (1) building, all of the Affordable Units required by this subsection B

1 may not be located in the same building.

2 C. In addition to the requirements in Subsection 5.73.040 A above, units eligible for tax
3 exemption in owner-occupied Multifamily Housing must comply with the following:

4 1. Units must be sold at a sales price as established by the Director and adjusted
5 periodically to buyers with Household Annual Income at the time of purchase at or below one
6 hundred and twenty percent (120%) of Median Income.

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8 2. The contract with the City required under Section 5.73.060 of this chapter
9 shall identify those units that are designated to meet the affordability requirements of this
10 subsection.

11 Section 5. Section 5.73.050 of the Seattle Municipal Code, which section was previously
12 amended by Ordinance 121915, is hereby amended as follows:

13 Section 5.73.050 Application procedure – Fee.

14 A. The ((ø))Owner of Multifamily ((h))Housing applying for exemption under this
15 chapter shall submit an application to the Director, on a form adopted by the City Council. The
16 ((ø))Owner shall verify the application by oath or affirmation. The application shall contain
17 such information as the Director may deem necessary or useful, and shall include:
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20 1. A brief written description of the ((Multifamily housing))units, and
21 preliminary schematic site and floor plans of the Multifamily ((h))Housing units and the
22 structure(s) in which they are proposed to be located;

23
24 2. A statement from the ((ø))Owner acknowledging the potential tax liability
25 when the Multifamily ((h))Housing ceases to be eligible for exemption under this chapter;

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

3 4. In the case of ((~~rehabilitation improvements to~~)) rehabilitation or conversion of
4 an existing vacant building, ((~~under Subsection 5.73.020 M~~)) verification from ((~~the Department~~
5 ~~of Planning and Development~~)) DPD of non-compliance with applicable building and housing
6 codes as required under Subsection 5.73.0((~~2~~))40 ((~~M~~))A 4., and an affidavit from the
7 ((~~o~~))Owner verifying that the residential portion of the building has been vacant for a period of
8 ((~~12~~))twenty-four ((24)) months prior to filing the application;

9
10 5. If available, a housing market study that includes comparable rents in other
11 nearby housing projects; and

12 6. For rental projects, a preliminary operating budget, utilizing a form provided
13 by the Office of Housing that outlines annual anticipated operating income and expenses for the
14 first ten (10) years of project operation.

15
16 B. At the time of application under this Section, the ((~~applicant~~))Owner shall pay to the
17 City an initial application fee of ((~~\$3,800.00~~))\$6,000.00 if the ((~~multifamily housing~~))
18 ((~~p~~))Project contains only residential uses for which a tax exemption is sought under this chapter,
19 or ((~~\$4,900.00~~))\$6,800.00 if the ((~~multifamily housing~~)) ((~~p~~))Project contains any non-residential
20 use. The application fees shall increase five percent (5%) each calendar year following adoption
21 of this Ordinance, unless revised by Ordinance.

22
23 C. The Director shall notify the ((~~applicant~~))Owner within twenty-eight (28) days of the
24 application being filed if the Director determines that an application is not complete and shall
25

1 identify what additional information is required before the application will be complete. Within
2 twenty-eight (28) days of receiving additional information, the Director shall notify the
3 ~~((applicant))~~ Owner in writing if the Director determines that the application is still not
4 complete, and what additional information is necessary. An application shall be deemed to be
5 complete if the Director does not notify the ~~((applicant))~~ Owner in writing by the deadlines in
6 this section that the application is incomplete; however, a determination of completeness does
7 not preclude the Director from requiring additional information during the review process if
8 more information is needed to evaluate the application according to the criteria in this chapter.

10 D. The application ~~((shall))~~ may be submitted any time before ~~((, but no later than, the~~
11 ~~date the first building permit))~~ any certificate of occupancy under ((Seattle Municipal Code,))
12 SMC Chapter 22(,)) is issued to the Owner for the Project. References in this Chapter 5.73 to a
13 Certificate of Occupancy for a Project mean the first Certificate of Occupancy issued by the City
14 for the Project, whether temporary or permanent.

16 Section 6. Section 5.73.065 of the Seattle Municipal Code, which section was adopted
17 by Ordinance 121415, is hereby amended as follows:

19 Section 5.73.065 Amendment of contract

20 A. An ~~((applicant))~~ Owner may seek an amendment of the contract approved by the City
21 Council by submitting a request in writing to the Director at any time within three (3) years of
22 the date of the Council's approval of the contract.

24 B. The Director shall have authority to approve amendments to the contract between the
25 ~~((applicant))~~ Owner and the City that are within the scope and intent of the initial contract

1 approved by the City Council. Amendments that are not reasonably within the scope and intent
2 of the initial approved contract, as determined by the Director, shall be submitted to the City
3 Council for approval by resolution.

4 C. An ~~((applicant))~~Owner seeking amendments to the approved contract, which in the
5 sole discretion of the Director require approval by the City Council, shall pay to the City an
6 amendment application fee of ~~((\$500.00))~~\$750.00. If the City Council denies the amendment,
7 the City will retain that portion of the fee attributable to its own administrative costs and refund
8 the balance, if any, to the ~~((applicant))~~Owner.

10 D. The date for expiration of the Conditional Certificate shall not be extended by
11 contract amendment unless:

13 1. All the conditions for extension set forth in Section 5.73.070 are met; or

14 2. The conditions set forth in Section 5.73.070 A and B are met and the City
15 Council specifically approves the extension.

16 Section 7. Section 5.73.070 of the Seattle Municipal Code, which section was adopted
17 by Ordinance 121415, is hereby amended as follows:

19 Section 5.73.070 Extension of ~~((e))~~Conditional ~~((e))~~Certificate.

20 The Conditional Certificate of Tax Exemption may be extended by the Director for a period not
21 to exceed twenty-four (24) consecutive months. The ~~((applicant))~~Owner shall submit to the
22 Director a written request stating the grounds for the extension together with a fee of
23 ~~((\$150))~~\$200.00 for the City's administrative cost to process the request. The Director may
24 grant an extension if the Director determines that:
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1 calendar year of issuance of the Final Certificate of Tax Exemption.

2 B. The exemption does not apply to the value of land or to the value of improvements
3 not qualifying under this chapter, nor does the exemption apply to increases in assessed
4 valuation of land and non-qualifying improvements, or to increases made by lawful order of the
5 King County Board of Equalization, the Washington State Department of Revenue, State Board
6 of Tax Appeals, or King County, to a class of property throughout the county or a specific area
7 of the county to achieve uniformity of assessment or appraisal as required by law. ~~((In the case
8 of rehabilitation improvements under Section 5.73.020 K 1, the exemption does not include the
9 value of improvements constructed prior to submission of the completed application required
10 under this chapter.))~~

11
12
13 Section 9. Section 5.73.100 of the Seattle Municipal Code, which section was adopted
14 by Ordinance 121415, is hereby amended as follows:

15 Section 5.73.100 Annual certification.

16 A. Within thirty (30) days after the first anniversary of the of the date the City filed the
17 Final Certificate of Tax Exemption and each year thereafter for the tax exemption period, ~~((for a
18 period of 10 years,))~~the ~~((o))~~Owner shall file a certification with the Director, verified upon oath
19 or affirmation, which shall contain such information as the Director may deem necessary or
20 useful, and shall include the following information:
21

22 1. A statement of occupancy and vacancy of the ~~((m))~~Multifamily ~~((h))~~Housing
23 units during the previous year;

24 2. A certification that the ~~((m))~~Multifamily ~~((h))~~Housing has not changed use
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1 since the date of filing of the Final Certificate of Tax Exemption, and continues to be in
2 compliance with the contract with the City and requirements of this chapter;

3 3. A description of any improvements or changes to the Multifamily
4 ~~((H))~~Housing made after the filing of the Final Certificate of Tax Exemption or last declaration,
5 as applicable; ~~((and))~~

6 4. Information demonstrating compliance with the affordability requirements of
7 Subsections 5.73.040 ~~((G and H.))~~B and C; and

8 5. The income of each renter household at the time of initial occupancy and the
9 income of each initial purchaser of owner-occupied units at the time of purchase for each of the
10 units receiving a tax exemption, if available.

11 B. Failure to submit the annual declaration may result in cancellation of the tax
12 exemption.
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Section 10. 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 ____ day of _____, 2007, and signed by me in open session in authentication of its passage this ____ day of _____, 2007.

President _____ of the City Council

Approved by me this ____ day of _____, 2007.

Gregory J. Nickels, Mayor

Filed by me this ____ day of _____, 2007.

City Clerk

(Seal)

Attachment A – Residential Targeted Area Maps