

Multifamily Tax Exemption 2018 Report

Seattle Office of Housing
March 2019



TABLE OF CONTENTS

INTRODUCTION AND BACKGROUND.....	2
SECTION I: DEVELOPMENT ACTIVITY AND UNIT PRODUCTION	4
Total Projects by Type and Tenure, Approved MFTE Applications, 1998-2018.....	4
Total Projects, Snapshot, Approved MFTE Applications, 2018	5
Total Units, Approved MFTE Applications, 1998-2018	5
SECTION II: AFFORDABLE UNIT SET-ASIDES AND AFFORDABILITY LIMITS.....	7
Affordable Units by Rent/Income Limit, Approved MFTE Applications (Rental Only), 1998-2018	8
Affordable Units by Sale Price/Income Limits, Approved MFTE Applications (For-Sale Only), 1998-2018	9
Affordable Units by Unit Type, Approved MFTE Applications (Rental), 1998-2018	9
Replacement Units by Unit Type, Approved MFTE Applications (Rental), 1998-2018	10
SECTION III: LOCATION OF MFTE PROJECTS	11
Approved MFTE Projects, Number of Projects and Total Units by UCUV, 1998-2018	11
SECTION IV: ISSUED FINAL CERTIFICATES, PROGRAM MONITORING, AND COMPLIANCE	14
Comparison of Rents for Market-Rate Units and Affordable Units in Year-7 MFTE Projects	15
SECTION V: MFTE EXPIRATIONS AND WITHDRAWALS	16
SECTION VI: TAX IMPACTS	17
SECTION VII: MFTE LEGISLATION.....	19
FOR MORE INFORMATION	20



INTRODUCTION AND BACKGROUND

The City of Seattle's Multifamily Tax Exemption (MFTE) program provides a property tax exemption to owners of multifamily rental and for-sale residential projects. For rental properties, the property owner is excused from paying property tax on residential improvements in exchange for rent-restricting at least 20 percent of the units for income-qualified households during the period of exemption. For condominiums or other for-sale multifamily properties, the tax exemption accrues to each of the owners of the income- and price-restricted units. The exemption does not apply to land or non-residential improvements. Under State law, the program allows a maximum 12-year exemption.

The program has gone through several iterations. It was initially authorized under Seattle Municipal Code (SMC) 5.72 and now is SMC 5.73, as amended. The program's evolution falls into five distinct phases, as follows:

- Program 1 (1998-2002): Up to ten-year duration for tax exemption. Affordability capped at 80% of area median income (AMI) for 25% of units for all but one residential targeted area, to which more stringent restrictions applied. Program operated in 9 residential targeted areas, with two additional areas added by ordinance in 2000.
- Program 2 (2004-2008): Up to ten-year duration for tax exemption. Affordability levels in rental projects varied depending on the number of units set aside for affordability restrictions: a 20% set-aside at 60% AMI, a 25% set-aside at 65% AMI, or a 30% set-aside at 70% AMI. Affordability level of for-sale units capped at 80% AMI. Program operated in 17 residential targeted areas.
- Program 3 (2008-2010): Following a 2007 change to State law, Seattle's maximum duration of the tax exemption increased to 12 years. Affordability levels were set at 80% AMI for studios and 1-bedroom units and 90% AMI for 2-bedroom and larger units with a blanket 20% set-aside. Affordability levels of for-sale units were capped at 100% AMI and 120% AMI depending on unit size. Program operated in 39 residential targeted areas.
- Program 4 (2011- October 2015): Up to 12-year duration for tax exemption. Affordability restrictions set at 65% AMI, 75% AMI, and 85% AMI for studio, 1-bedroom, and 2-bedroom and larger rental units, respectively. Affordability level of for-sale units was capped at 100% AMI and 120% AMI depending on unit size. Program operates in 39 residential targeted areas.
- Program 5 (November 2015 – Present): Up to 12-year duration for tax exemption. Affordability restrictions for multifamily rentals are set at 40% AMI for small efficiency dwelling units and sleeping units in congregate residences, 50% AMI for units replacing any demolished and formerly occupied by Tenant Relocation Assistance Ordinance-eligible (TRAO) occupants, 65% AMI for studios, 75% AMI for 1-bedroom units, 85% AMI for 2-bedroom units, and 90% AMI for 3-bedroom and larger units. Affordability level of for-sale units is capped at 100% AMI and 120% AMI depending on unit size. At least 25% of units are required to be affordable at MFTE limits, unless a minimum number of

2-bedroom or larger units are provided, in which case the MFTE set-aside is 20%. The MFTE Program is available as an incentive program in all multifamily zones.

Interested property owners must submit an MFTE application prior to issuance of the first building permit. MFTE applications meeting eligibility requirements according to Seattle Municipal Code 5.73 are approved by the City's Office of Housing (OH) Director. Following application approval, the owner of the property enters into an MFTE Agreement with the City. The Office of Housing then issues a Conditional Certificate of Tax Exemption. The applicant has three years from the date of MFTE application approval to complete the project. The developer may apply for the Final Certificate of Tax Exemption after the project is issued a certificate of occupancy. SMC 5.73 outlines requirements for issuance of a Final Certificate of Tax Exemption, including compliance to date with all terms of the MFTE Agreement. Assuming all requirements are met, the Final Certificate is filed with the King County Assessor's office. Regardless of the date of the certificate filing, the tax exemption begins on January 1 of the following year.

This Report

City Council reauthorized the MFTE Program with passage of Ordinance 124877 in September 2015. Ordinance 123550 (February 2011), the previous MFTE reauthorization legislation, directed OH to submit an annual report by March 30 of each year. The specific information required, including details of project activity, comparison of market-rate and affordable rents, MFTE expirations and withdrawals, and estimated tax impacts, is included in this annual report.



SECTION I: DEVELOPMENT ACTIVITY AND UNIT PRODUCTION

As shown in the following summary table, participation in the MFTE program has grown steadily over time. As of the end of 2018, 336 projects had been approved for MFTE participation. Two-hundred nineteen projects were actively participating in MFTE, 74 were approved and in development, 16 were approved and since have participated and expired, and 27 withdrew prior to receiving a Final Certificate of Tax Exemption.

In recent years, predominately market-rate rental has comprised the majority of MFTE applications. In early years, MFTE projects were predominantly affordable housing for low-income households. Overall, affordable housing comprises approximately 10% of MFTE applications. Buildings with 75% of current tenants' incomes not exceeding 50% of AMI are eligible for a property tax exemption through the State. In the event a project ever fails to meet requirements for the State property tax exemption, MFTE serves as an important back-stop measure.

Total Projects by Type and Tenure, Approved MFTE Applications, 1998-2018

	Program 1	Program 2	Program 3	Program 4	Program 5	
	1998–2002	2004–2008	2008–2010	2011–2015	2016–Present	TOTAL
Total	7	12	35	192	90	336
TENURE						
Rental	5	11	33	191	90	330
For Sale	2	1	2	1	0	6
TYPE						
Market-Rate with MFTE	1	5	31	185	79	301

	Program 1	Program 2	Program 3	Program 4	Program 5	
	1998–2002	2004–2008	2008–2010	2011–2015	2016–Present	TOTAL
Affordable Housing with MFTE	6	7	4	7	11	35
STATUS						
Active	0	2	33	162	22	219
Pipeline	0	0	0	9	65	74
Expired	7	9	0	0	0	16
Withdrawn	0	1	2	21	3	27

Total Projects, Snapshot, Approved MFTE Applications, 2018

Total Projects	Family-Size Set-Aside	Inside Urban Center/Village	Affordable Housing	Home-ownership
30	24 of 30	29 of 30	5 of 30	0 of 30

Total Units, Approved MFTE Applications, 1998-2018^{1 2}

	Program 1	Program 2	Program 3	Program 4	Program 5	
	1998–2002	2004–2008	2008–2010	2011–2015	2016–Present	TOTAL
SEDU/Sleeping rooms in congregate housing	0	0	0	27	298	325

¹ Includes 20 units in 10 MFTE projects provided to satisfy replacement unit requirements according to SMC 5.73.040. Also includes approved MFTE applications for 35 housing developments for low-income households totaling 731 affordable units. The owners of these projects apply for MFTE as insurance in case the housing ever fails to qualify for the low-income housing Washington State tax exemption. These units are governed by regulatory agreements for other City and/or non-City affordable housing programs.

² Does not include approved MFTE applications for 27 projects totaling 2,860 units (615 affordable) that were withdrawn prior to issuance of a Final Certificate of Tax Exemption.

	Program 1	Program 2	Program 3	Program 4	Program 5	
	1998–2002	2004–2008	2008–2010	2011–2015	2016–Present	TOTAL
Studio	97	253	1,628	5,900	2,515	10,393
1BR	204	462	3,047	7,317	5,881	16,911
2BR	134	300	1,025	1,940	1,548	4,947
3BR	39	38	22	80	73	252
4BR	0	0	0	21	0	21
Total	474	1,053	5,722	15,285	10,315	32,849



SECTION II: AFFORDABLE UNIT SET-ASIDES AND AFFORDABILITY LIMITS

Set-aside amounts and affordability limits depend on the affordability requirements codified when a building applies for the MFTE. A building's tenure, rental versus owner-occupied, also determines its affordability limits. Housing cost and income limits for affordable MFTE units have varied across the programs since MFTE was established in Seattle in 1998.

Projects that do not include a minimum number of 2+BR units set aside 25% of all units as affordable. Projects meeting the minimum 2+BR amount, which is determined by the total number of units in the project (e.g. eight 2+BR units for projects with 151 to 200 total units), set aside 20% of units as affordable.

Affordability limits in rental buildings are currently 40% of AMI for small efficiency dwelling units and sleeping units in congregate residences, 65% for studios, 75% for 1-bedrooms, 85% for 2-bedrooms, and 90% for units with three or more bedrooms. Projects that involve demolition of units causing displacement of tenants who qualify for assistance through the City's Tenant Relocation Assistance Program must provide additional affordable units, beyond the minimum 20% or 25% set-aside requirement, restricted at 50% of AMI.

The affordability limit for owner-occupied projects is either 100% or 120% AMI, depending on unit size.

As of the end of 2018, OH had approved MFTE applications for projects comprising 6,751 affordable for-rent units and 119 affordable for-sale units, for a total of 6,870 affordable units. The first two tables show the distribution of units by AMI limit. The third table shows production of affordable units by unit size.

Affordable Units by Rent/Income Limit, Approved MFTE Applications (Rental Only), 1998-2018^{3 4}

	Program 1	Program 2	Program 3	Program 4	Program 5	
AMI	1998 – 2002	2004 – 2008	2008 – 2010	2011 – 2015	2016 – present	TOTAL
40%	0	0	0	7	72	79
50% ⁵	0	0	0	17	3	20
60%	0	35	0	0	0	35
65%	0	0	0	1,222	491	1,713
70%	0	91	0	0	0	91
75%	0	0	0	1,429	1,061	2,490
80%	46	0	871	0	0	917
85%	0	0	0	375	258	633
90%	0	0	155	0	6	161
Total	46	126	1,026	3,050	1,891	6,139

³ Does not include approved MFTE applications for 35 housing developments for low-income households totaling 731 affordable units. The owners of these projects apply for MFTE as insurance in case the housing ever fails to qualify for the low-income housing Washington State tax exemption. These units are governed by regulatory agreements for other City and/or non-City affordable housing programs.

⁴ Does not include approved MFTE applications for 27 projects totaling 2,860 units (615 affordable) that were withdrawn prior to issuance of a Final Certificate of Tax Exemption.

⁵ 50% of AMI units satisfy replacement unit requirements according to SMC 5.73.040.

Affordable Units by Sale Price/Income Limits, Approved MFTE Applications (For-Sale Only), 1998-2018⁶

	Program 1	Program 2	Program 3	Program 4	Program 5	
AMI	1998 – 2002	2004-2008	2008-2010	2011 – 2015	2016 – present	TOTAL
60%	0	0	0	0	0	0
80%	24	15	0	0	0	39
100%	0	0	19	1	0	20
120%	0	0	52	8	0	60
Total	24	15	71	9	0	119

Affordable Units by Unit Type, Approved MFTE Applications (Rental), 1998-2018^{7 8 9}

	Program 1	Program 2	Program 3	Program 4	Program 5	
Unit Type	1998 – 2002	2004-2008	2008-2010	2011 – 2015	2016 – 2018	TOTAL
SEDU/Sleeping rooms in congregate residences	0	0	0	7	72	79
Studio	32	64	310	1,222	491	2,119

⁶ Includes all homeowner units that have received the tax exemption since 1998. As of 2019, only 83 homeowner units have tax exempt status.

⁷ Does not include approved MFTE applications for 35 housing developments for low-income households totaling 731 affordable units. The owners of these projects apply for MFTE as insurance in case the housing ever fails to qualify for the low-income housing Washington State tax exemption. These units are governed by regulatory agreements for other City and/or non-City affordable housing programs.

⁸ Does not include approved MFTE applications for 27 projects totaling 2,860 units (615 affordable) that were withdrawn prior to issuance of a Final Certificate of Tax Exemption.

⁹ Does not include 20 units in 10 MFTE projects provided to satisfy replacement unit requirements according to SMC 5.73.040.

	Program 1	Program 2	Program 3	Program 4	Program 5	
Unit Type	1998 – 2002	2004-2008	2008-2010	2011 – 2015	2016 – 2018	TOTAL
1BR	14	49	561	1,429	1,061	3,114
2BR	0	13	155	366	258	792
3BR	0	0	0	5	6	11
4BR	0	0	0	4	0	4
Total	46	126	1,026	3,033	1,888	6,119

Replacement Units by Unit Type, Approved MFTE Applications (Rental), 1998-2018¹⁰

	Program 1	Program 2	Program 3	Program 4	Program 5	
Unit Type	1998 – 2002	2004-2008	2008-2010	2011 – 2015	2016 – 2018	TOTAL
Studio	0	0	0	17	3	20
1BR	0	0	0	0	0	0
2BR	0	0	0	0	0	0
3BR	0	0	0	0	0	0
4BR	0	0	0	0	0	0
Total	0	0	0	17	3	20

¹⁰ Does not include approved MFTE applications for 27 projects totaling 2,860 units (615 affordable) that were withdrawn prior to issuance of a Final Certificate of Tax Exemption.



SECTION III: LOCATION OF MFTE PROJECTS

State law requires that participating jurisdictions only offer MFTE programs in designated residential targeted areas (RTA) within an urban center or urban growth area. Since late 2015, Seattle’s RTA has included all multifamily-zoned properties in Seattle. For reporting purposes, OH identifies the urban centers and urban village (UCUV) in which each MFTE project is located. MFTE project activity located in the limited areas outside of UCUVs where zoning allows multifamily development is summarized under “located outside of an UCUV.”

Attachment B.1 - B.2 provides maps showing the locations of projects.

Approved MFTE Projects, Number of Projects and Total Units by UCUV, 1998-2018^{11 12}

Urban Center/Village	Projects	Total Units					
		P1	P2	P3	P4	P5	TOTAL
12th Avenue	12	0	0	0	703	306	1,009
23rd & Union-Jackson	24	122	77	429	408	1,184	2,220
Admiral	3	0	0	0	212	108	320
Aurora Licton Springs	7	0	0	0	173	95	268
Ballard	12	0	0	533	691	318	1,542
Belltown	4	0	0	0	351	145	496
Bitter Lake	2	0	140	476	0	0	616

¹¹ Includes approved MFTE applications for 35 housing developments for low-income households totaling 731 affordable units. The owners of these projects apply for MFTE as insurance in case the housing ever fails to qualify for the low-income housing Washington State tax exemption. These units are governed by regulatory agreements for other City and/or non-City affordable housing programs.

¹² Does not include approved MFTE applications for 27 projects totaling 2,860 units (615 affordable) that were withdrawn prior to issuance of a Final Certificate of Tax Exemption.

Urban Center/Village	Projects	Total Units					
		P1	P2	P3	P4	P5	TOTAL
Capitol Hill	36	0	0	729	1,175	456	2,360
Chinatown/ID	10	176	40	57	245	883	1,401
Columbia City	8	0	0	204	446	263	913
Commercial Core	0	0	0	0	0	0	0
Crown Hill	3	0	0	0	131	118	249
Delridge/ Westwood Highland Park	4	0	0	195	16	60	271
Denny Triangle	2	65	0	0	74	0	139
Dravus	3	0	0	236	0	319	555
Eastlake	8	0	0	204	326	94	624
First Hill	8	0	0	0	522	1,413	1,935
Fremont	9	0	0	0	741	85	826
Green Lake	4	0	0	0	192	111	303
Greenwood- Phinney Ridge	5	0	0	0	224	78	302
Lake City	6	0	0	319	222	357	898
Madison-Miller	5	0	0	0	292	0	292
MLK @ Holly	5	54	0	351	515	0	920
Morgan Junction	2	0	0	0	68	0	68
North Beacon Hill	6	0	0	0	180	141	321
North Rainier	7	7	229	0	57	382	675
Northgate	5	0	163	278	265	352	1,058
Pike/Pine	13	0	0	0	1,070	116	1,186
Pioneer Square	2	50	132	0	0	0	182
Rainier Beach	0	0	0	0	0	0	0
Ravenna	0	0	0	0	0	0	0
Roosevelt	18	0	0	63	1,075	767	1,905

Urban Center/Village	Projects	Total Units					
		P1	P2	P3	P4	P5	TOTAL
South Lake Union	12	0	272	0	1,377	835	2,484
South Park	0	0	0	0	0	0	0
University District - NW	18	0	0	47	1,367	80	1,494
Upper Queen Anne	0	0	0	0	0	0	0
Uptown	11	0	0	887	253	466	1,606
Wallingford	7	0	0	93	247	109	449
West Seattle Junction	22	0	0	621	1,667	298	2,586
Located Outside of an UCUV	6	0	0	0	0	376	376
TOTAL	309	474	1,053	5,722	15,285	10,315	32,849



SECTION IV: ISSUED FINAL CERTIFICATES, PROGRAM MONITORING, AND COMPLIANCE

In 2018, OH approved Final Certificates of Tax Exemption for 29 rental projects located in 15 urban centers and villages (and one in the Central Area and another in Queen Anne but outside urban center/village boundaries).

Based on MFTE building owners' reported rents, the weighted average of market-rate rents for small efficiency dwelling units and sleeping units in congregate residences is \$1,181 per month, which is about \$496 greater than the weighted average of reported rents for rent/income restricted units in that same category. The weighted average of reported market-rate rents for studio units is \$1,687 per month, which is about \$625 greater than the average of reported rents for rent/income-restricted studios. The weighted average of market-rate rents for one-bedroom units, as reported by building owners, is \$2,118 per month, which is about \$690 greater than rent-restricted one-bedrooms. For two-bedroom units, market rate rents were \$3,145 per month (weighted average), about \$1,322 greater than rent-restricted units of that size.

Attachment D shows the location and unit counts of the 29 projects for which Final Certificates of Tax Exemption were issued in 2018.

Ordinance 124877 requires an analysis of rent levels for affordable units in buildings that received a final certificate seven years prior, compared with rent levels for market-rate units of comparable size and age that are located in comparable neighborhoods. In 2018, seven projects had just completed their seventh year of participation in MFTE. Of those, two projects, Habitat at Rainier Vista and Pontedera Condos, are homeowner projects. The other five projects – Ascona Apartments in Chinatown/ID, Ballard on the Park, Broadway Building and Patent 523 (formerly Joule Apartments) in Capitol Hill, and Equinox Apartments in Eastlake – are Program 3 MFTE approvals and have 20% set-aside requirements, with studio and one-bedroom units at 80% of AMI two-bedroom units and larger at 90% of AMI.

Comparison of Rents for Market-Rate Units and Affordable Units in Year-7 MFTE Projects¹³

<u>Project Name/MFTE Program</u>	<u>Studio (mkt.)</u>	<u>Studio (aff.)</u>	<u>1BR (mkt.)</u>	<u>1BR (aff.)</u>	<u>2BR (mkt.)</u>	<u>2BR (aff.)</u>
Ascona Apartments /P3	Data unavailable	\$1,405	Data unavailable	\$1,605	Data unavailable	\$2,031
Ballard on the Park/P3	\$1,810 - \$2,445	\$1,405	\$2,015 - \$3,496	\$1,605	\$2,617 - \$4,078	\$2,031
Broadway Building/P3	Data unavailable	\$1,405	Data unavailable	\$1,605	Data unavailable	\$2,031
Equinox Apartments /P3	\$1,708 - \$2,300	\$1,405	\$2,114 - \$3,440	\$1,605	\$3,291 - \$4,086	\$2,031
Patent 523/P3	\$1,608 - \$2,025	\$1,405	\$2,167 - \$2,407	\$1,605	\$3,192	\$2,031

One-hundred eighty-seven participating projects submitted annual certification reports in the fall of 2018.¹⁴ Report submittals to date represent a 100% response rate. The reports revealed few long-term vacancies of the MFTE set-aside units; occupancy patterns for the MFTE set-aside units average approximately 97.6%. The reports stated that rents charged for the set-aside units were consistent with program requirements, as were the tenant households' income levels. Violations for issues such as overcharged rent, income ineligible occupants, or missing designated affordable units are relatively rare occurrences. Corrective action includes issuing credits for rent overages, correcting lease terms, collecting additional income documentation, and requiring properties to designate additional units as income and rent restricted. Information submitted in annual reported is verified on-site through a file audit occurring every one to three years, or as needed. Thirty file audits occurred in 2018. Approximately 70 audits, roughly one-third of the current MFTE private-market portfolio, will take place through the summer of 2019. In 2018, the Office of Housing provided 14 compliance trainings to 174 owners and managers and maintains a dedicated MFTE and Incentive Zoning compliance resource webpage.

¹³ Market-rate rents are online listings from the building websites.

¹⁴ All 187 are market-rate multifamily MFTE projects. Affordable housing for which final certificates of tax exemption have been filed are governed by regulatory agreements for other City and/or non-City affordable housing programs; monitoring and compliance is done according to those more stringent requirements.



SECTION V: MFTE EXPIRATIONS AND WITHDRAWALS

Since 1998, the tax exemption has expired for 16 projects containing 318 total affordable units. In 2018, two projects with 97 total units expired (both are affordable housing and have ongoing affordability restrictions).

The property tax exemptions for two projects are scheduled to expire in 2019 (one is affordable housing and will have ongoing affordability restrictions). MFTE agreements terminate immediately upon expiration of the tax exemption, or earlier if the owner opts to withdraw from the program. That means that rents may increase to market-rate upon renewal of leases for affordable MFTE units. Tenants in rent-restricted units whose buildings expire from MFTE and revert to market-rate rents may be eligible to receive assistance if they apply and are eligible (including household income no higher than 50% of AMI) under the City's Tenant Relocation Assistance Ordinance.

Twenty-seven projects submitted MFTE applications and received initial approvals but failed to proceed to the Final Certificate of Tax Exemption phase. This may have been due to market changes (resulting widening gap between potential market-rate rents and MFTE rents for set-aside units) or construction delays (the Conditional Certificate expires after three years).

Attachment A provides detailed information on expired projects.



SECTION VI: TAX IMPACTS

MFTE Projects' Value in 2019

Two-hundred nineteen total projects are currently receiving a tax exemption on residential improvements through MFTE in 2019.¹⁵ The combined appraised value of residential improvements for these projects, as determined only during their initial appraisal years during which time new construction value would be calculated, totaled approximately \$4.84 billion. This value does not reflect any subsequent appraisals, during which property values may increase significantly.

New Construction, Revenue Impacts, and Incremental Tax Burden

The amount of the tax exemption is different from the amount of new, or incremental, tax burden that is specifically attributable to construction of the MFTE-participating projects. The City annually levies additional property taxes in an amount corresponding to 1 percent growth plus the value of new construction as identified by the King County Assessor throughout the preceding 12 months. The incremental tax burden attributable to new MFTE-participating projects and shifted to non-exempt taxpayers is a function of the amount of new construction value from these projects recognized by the King County Assessor for the relevant tax year. The associated tax revenue of excluded new construction value is foregone until the end of the exemption period. Captured new construction value generates additional property tax revenue and the associated tax burden is shifted from the tax-exempt property owner to other property taxpayers.

In cases where the grant of exemption occurs before the King County Assessor captures some or all of the project's value, the Assessor defers that additional tax burden until the end of the exemption period; thus, this value neither increases the City's levy nor the burden on non-exempt taxpayers. It is possible that a single project could have some new construction value deferred and some added for purposes of the levy, depending on project and administrative timing. Once included in the City's levy, an added amount from an MFTE project will grow at the same 1 percent rate as part of the City's overall levy amount.

In 2019, the amount of collected property tax revenue that is attributable specifically to the current MFTE participants totals about \$19.44 million (City share is about \$5.23 million). An additional \$26.96 million in annual revenue (City share is about \$7.25 million) that would have been collected from these projects (had they been constructed even in the absence of the tax exemption) is foregone until the end of the participating projects' exemption period. Assuming a current median residence value of \$597,000 and total real property value of \$514.19 billion, based on the most recent 2018 figures as determined by

¹⁵ Includes affordable housing projects.

the King County Department of Assessments, the MFTE program will result in an additional tax payment for the median Seattle homeowner of \$22.58 in 2019, an amount that changes from year to year.

Attachment C provides detail on both the tax impacts and revenue impacts of the participating projects.



SECTION VII: MFTE LEGISLATION

No MFTE legislation was passed in 2018.

Like previous ordinances reauthorizing MFTE, Ordinance 124877 set an expiration date for the MFTE program of December 31, 2019. It is anticipated that the Seattle City Council will consider legislation to renew the MFTE program in Q3 of 2019. As with previous program renewals, the 2019 process will involve an analysis of program costs and benefits, a review of policy options, and consideration of ways to strengthen the program, including recalibration of affordability levels to maximize public benefit.

FOR MORE INFORMATION

For more information about the Multifamily Tax Exemption program, contact the City of Seattle Office of Housing or visit www.seattle.gov/housing.

Office: Seattle Municipal Tower
700 Fifth Avenue, Suite 5700
Seattle, WA 98104

Mail: City of Seattle Office of Housing
PO Box 94725
Seattle, WA 98124-4725

Phone: 206.684.0721

Email: housing@seattle.gov

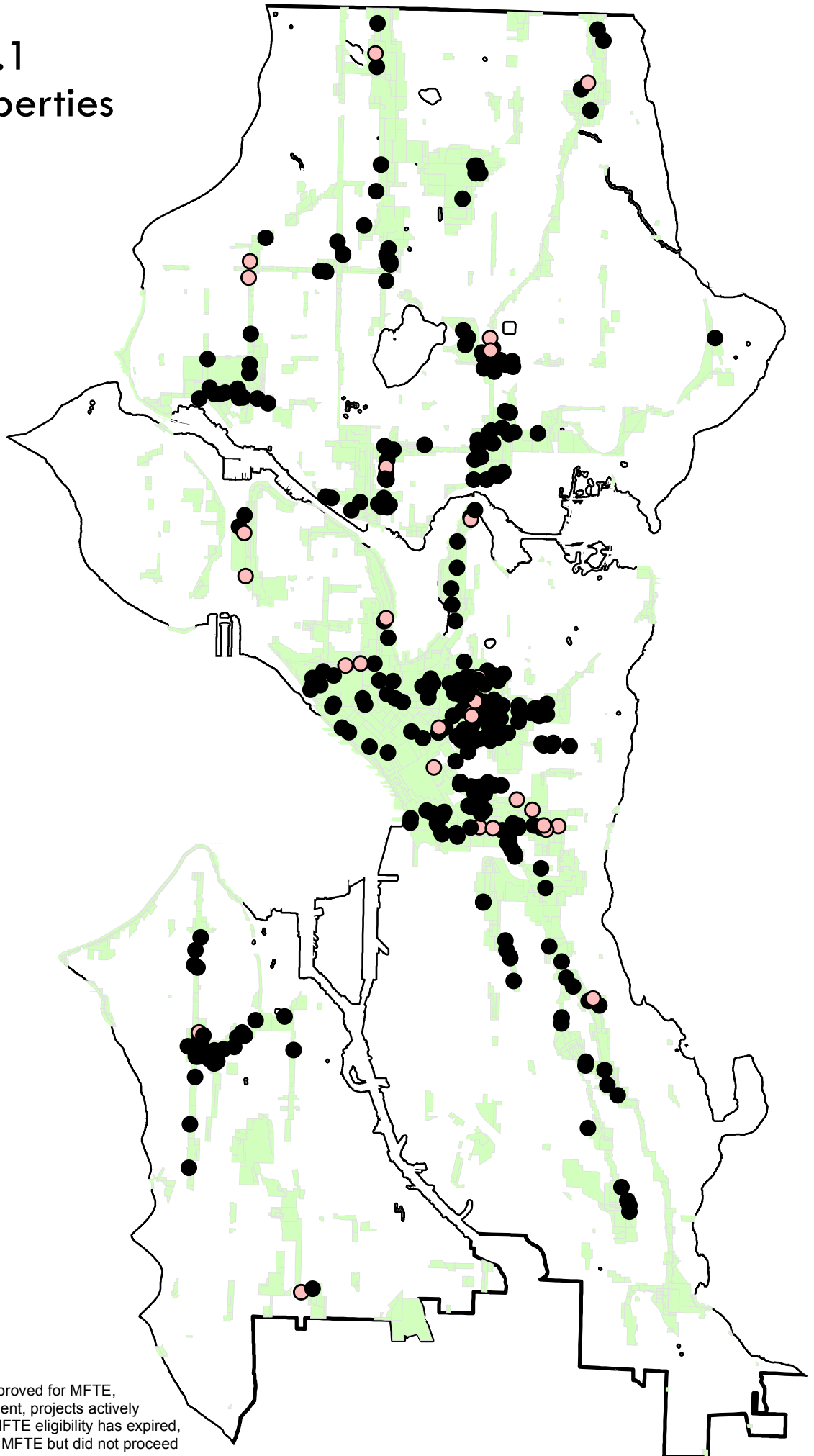
Attachment B.1 All MFTE Properties

Approval Year

● 1998 - 2017

● 2018

■ Residential
Targeted Area



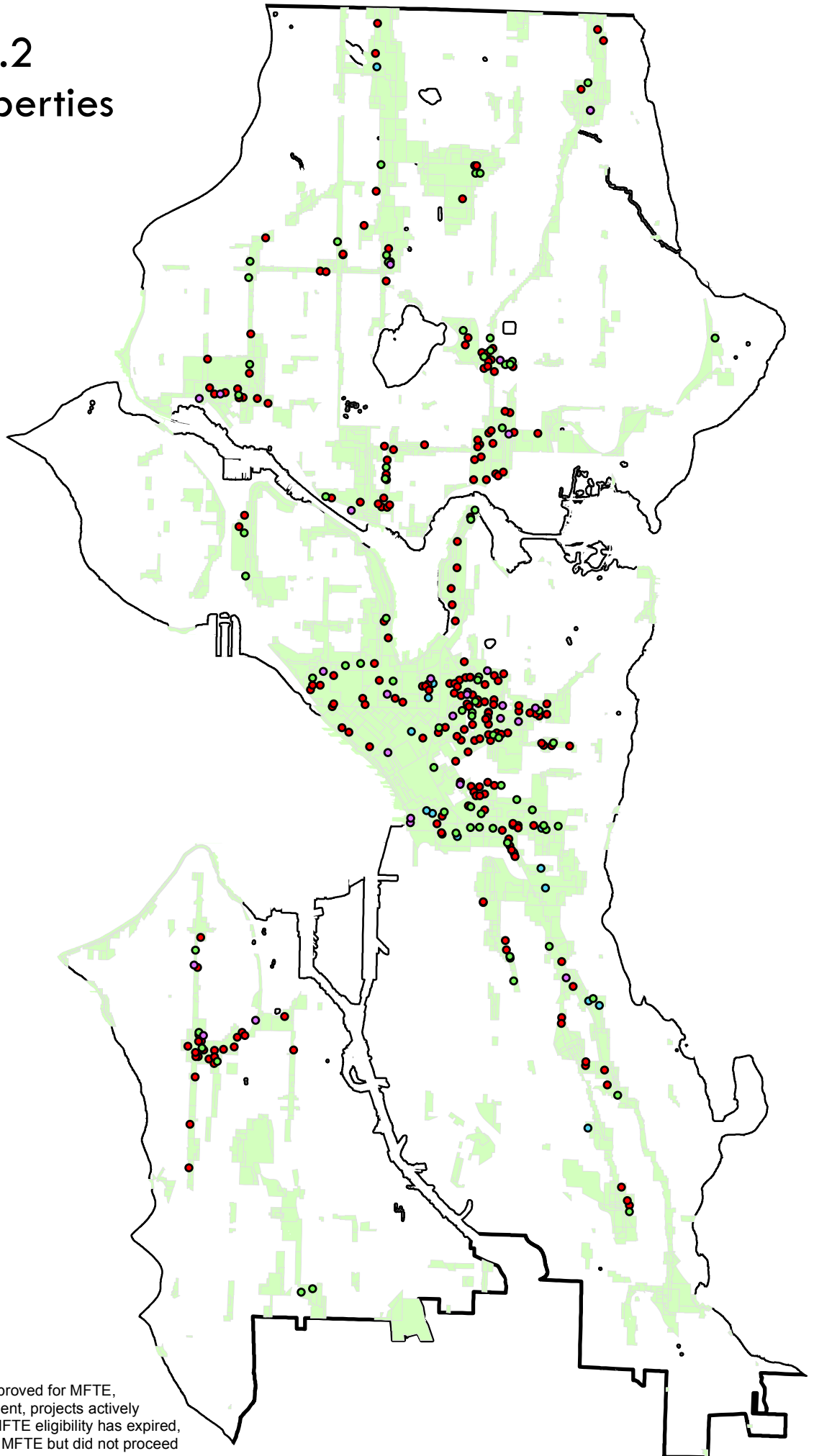
* This map contains all projects ever approved for MFTE, which includes projects still in development, projects actively participating in MFTE, projects whose MFTE eligibility has expired, and projects which were approved from MFTE but did not proceed to Final Certificate of Tax Exemption.

Attachment B.2 All MFTE Properties

Status

- Active
- Pipeline
- Expired
- Withdrawn

Residential
Targeted Area



* This map contains all projects ever approved for MFTE, which includes projects still in development, projects actively participating in MFTE, projects whose MFTE eligibility has expired, and projects which were approved from MFTE but did not proceed to Final Certificate of Tax Exemption.

ALL ACTIVE MFTE PROJECTS

Appraisal Year	Tax Year	Total Tax Captured	Total 1% Annual Growth	Total Tax Not Captured	Total 1% Annual Growth
2018	2019	\$3,889,862	\$0	\$1,909,658	\$0
2017	2018	\$5,384,169	\$53,842	\$6,767,304	\$67,673
2016	2017	\$2,384,136	\$47,921	\$7,407,538	\$148,892
2015	2016	\$1,536,286	\$46,551	\$3,186,887	\$96,566
2014	2015	\$921,380	\$37,412	\$3,158,225	\$128,237
2013	2014	\$520,037	\$26,527	\$2,472,938	\$126,145
2012	2013	\$1,621,496	\$99,755	\$144,493	\$8,889
2011	2012	\$281,284	\$20,291	\$435,863	\$31,441
2010	2011	\$752,647	\$62,362	\$618,667	\$51,261
2009	2010	\$1,291,843	\$121,027	\$178,636	\$16,736
2008	2009	\$312,725	\$32,718	\$0	\$0
2007	2008	\$0	\$0	\$0	\$0
TOTAL APPRAISED VALUE	\$4,840,611,549	Total Tax Captured + 1% Gains	\$19,444,269	Total Tax Not Captured + 1% Gains	\$26,956,048
CAPTURED APPRAISED VALUE	\$2,044,187,814	2019 City Share of Tax Revenue Captured	\$5,231,481	2019 City Share of Tax Revenue Not Captured	\$7,252,525
NOT CAPTURED APPRAISED VALUE	\$2,796,423,735				

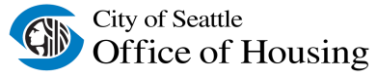
MFTE ONLY AFFORDABILITY RESTRICTION

Appraisal Year	Tax Year	Total Tax Captured	Total 1% Annual Growth	Total Tax Not Captured	Total 1% Annual Growth
2018	2019	\$3,449,513	\$0	\$1,784,343	\$0
2017	2018	\$5,082,275	\$50,823	\$6,767,304	\$67,673
2016	2017	\$2,239,040	\$45,005	\$7,202,408	\$144,768
2015	2016	\$1,536,286	\$46,551	\$3,186,887	\$96,566
2014	2015	\$852,365	\$34,609	\$3,158,225	\$160,454
2013	2014	\$511,752	\$26,104	\$2,472,938	\$125,897
2012	2013	\$1,616,599	\$99,453	\$141,824	\$8,667
2011	2012	\$272,003	\$19,621	\$435,863	\$31,397
2010	2011	\$651,346	\$725,051	\$355,343	\$29,406
2009	2010	\$1,044,733	\$97,876	\$178,636	\$16,717
2008	2009	\$300,700	\$31,460	\$0	\$0
2007	2008	\$0	\$0	\$0	\$0
TOTAL APPRAISED VALUE	\$4,626,424,786	Total Tax Captured + 1% Gains	\$18,733,166	Total Tax Not Captured + 1% Gains	\$26,365,315
CAPTURED APPRAISED VALUE	\$1,894,825,802	2019 City Share of Tax Revenue Captured	\$5,040,158	2019 City Share of Tax Revenue Not Captured	\$7,093,588
NOT CAPTURED APPRAISED VALUE	\$2,731,598,984				

AFFORDABILITY REQUIREMENTS BEYOND MFTE

Appraisal Year	Tax Year	Total Tax Captured	Total 1% Annual Growth	Total Tax Not Captured	Total 1% Annual Growth
2018	2019	\$440,350	\$0	\$125,315	\$0
2017	2018	\$301,894	\$3,019	\$0	\$0
2016	2017	\$145,095	\$2,916	\$205,130	\$4,123
2015	2016	\$0	\$0	\$0	\$0
2014	2015	\$69,015	\$0	\$0	\$0
2013	2014	\$8,285	\$423	\$0	\$0
2012	2013	\$4,898	\$301	\$2,670	\$192
2011	2012	\$9,281	\$670	\$0	\$0
2010	2011	\$101,301	\$8,393	\$263,324	\$21,763
2009	2010	\$247,109	\$23,150	\$0	\$0
2008	2009	\$12,025	\$1,258	\$0	\$0
2007	2008	\$0	\$0	\$0	\$0
TOTAL APPRAISED VALUE	\$214,186,763	Total Tax Captured + 1% Gains	\$1,379,383	Total Tax Not Captured + 1% Gains	\$622,517
CAPTURED APPRAISED VALUE	\$149,362,012	2019 City Share of Tax Revenue Captured	\$371,123	2019 City Share of Tax Revenue Not Captured	\$167,488
NOT CAPTURED APPRAISED VALUE	\$64,824,751				

* Total tax captured and not captured is calculated by multiplying the appraised values of each property by the corresponding tax rate in its appraisal year(s).



CITY OF SEATTLE MFTE PROGRAM: 2018 STATUS REPORT TO CITY COUNCIL
 ATTACHMENT D: LOCATIONS OF MFTE FINAL CERTIFICATES ISSUED IN 2018
 Information current as of 12/31/2018

Urban Center / Urban Village	Projects	SEDU / Congregate Total	SEDU / Congregate Afford.	Studio Total	Studio Afford.	1BR Total	1BR Afford.	2BR Total	2BR Afford.	3BR Total	3BR Afford.	4BR Total	4 BR Afford.	Replacem ent Units (TRAO)	ALL Total	ALL Afford.
12th Avenue	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23rd & Union-Jackson	4	33	9	52	12	193	38	61	12	0	0	0	0	0	339	71
Admiral	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aurora Licton Springs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ballard	1	0	0	16	4	132	26	21	4	0	0	0	0	0	169	34
Belltown	1	0	0	7	1	119	24	19	4	0	0	0	0	0	145	29
Bitter Lake	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Capitol Hill	3	0	0	124	26	0	0	0	0	0	0	0	0	0	124	26
Chinatown/ID	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Columbia City	1	0	0	60	12	60	12	35	7	0	0	0	0	0	155	31
Commercial Core	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Crown Hill	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Delridge/Westwood Highland Park	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Denny Triangle	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Dravus	1	0	0	0	0	197	40	29	6	0	0	0	0	0	226	46
Eastlake	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
First Hill	3	0	0	15	3	513	103	134	27	7	1	0	0	0	669	134
Fremont	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Green Lake	1	0	0	24	7	39	10	3	0	0	0	0	0	0	66	17
Greenwood-Phinney Ridge	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lake City	3	0	0	49	10	167	33	145	29	23	5	0	0	0	384	77
Madison-Miller	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MLK @ Holly	1	0	0	87	18	230	46	36	7	0	0	0	0	0	353	71
Morgan Junction	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
North Beacon Hill	1	0	0	5	1	14	3	7	2	0	0	0	0	0	26	6
North Rainier	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Northgate	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pike/Pine	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pioneer Square	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rainier Beach	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ravenna	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Roosevelt	1	36	8	0	0	41	8	4	1	0	0	0	0	0	81	17
South Lake Union	4	0	0	122	24	572	116	94	19	0	0	0	0	0	788	159
South Park	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
University District - NW	1	0	0	22	5	27	5	20	4	11	2	0	0	0	80	16
Upper Queen Anne	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Uptown	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Wallingford	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
West Seattle Junction	1	14	3	30	7	2	0	6	1	0	0	0	0	0	52	11
Located Outside of an UCUV	2	0	0	20	4	72	15	17	4	0	0	0	0	3	109	26
	29	83	20	633	134	2,378	479	631	127	41	8	0	0	3	3,766	771

MFTE Program Data															
ALL PROJECTS															
	Total Projects	SEDU / Congregate Total	SEDU / Congregate Afford.	Studio Total	Studio Afford.	1BR Total	1BR Afford.	2BR Total	2BR Afford.	3BR Total	3BR Afford.	TRAO 50% AMI Units	ALL Total	ALL Afford.	% Restricted
Active	219	84	20	7,579	1,584	11,917	2,421	3,435	735	143	43	20	23,179	4,827	21%
Pipeline	74	241	59	2,575	541	4,314	893	1,099	225	32	6	-	8,321	1,724	21%
Expired	16	-	-	239	94	620	130	413	77	77	18	-	1,349	318	24%
Withdrawn	27	12	3	1,152	244	1,347	279	349	74	-	-	15	2,860	615	22%
Total	336	337	82	11,545	2,463	18,198	3,723	5,296	1,111	252	67	35	35,709	7,484	21%
Projects with Additional Affordability Restrictions															
	Subsidized Projects	SEDU / Congregate Total	SEDU / Congregate Afford.	Studio Total	Studio Afford.	1BR Total	1BR Afford.	2BR Total	2BR Afford.	3BR Total	3BR Afford.	TRAO 50% AMI Units	ALL Total	ALL Afford.	% Restricted
Active	16	-	-	185	38	675	149	536	148	99	37	-	1,495	372	25%
Pipeline	7	-	-	152	31	428	99	159	32	7	1	-	806	163	20%
Expired	12	-	-	64	31	396	82	324	65	77	18	-	861	195	23%
Withdrawn	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	35	-	-	401	100	1,499	330	1,019	245	183	56	-	3,162	730	23%
Market-Rate Projects															
	Market-Rate Projects	SEDU / Congregate Total	SEDU / Congregate Afford.	Studio Total	Studio Afford.	1BR Total	1BR Afford.	2BR Total	2BR Afford.	3BR Total	3BR Afford.	TRAO 50% AMI Units	ALL Total	ALL Afford.	% Restricted
Active	203	84	20	7,394	1,546	11,242	2,272	2,899	587	44	6	20	21,684	4,455	21%
Pipeline	67	241	59	2,423	510	3,886	794	940	193	25	5	-	7,515	1,561	21%
Expired	4	-	-	175	63	224	48	89	12	-	-	-	488	123	25%
Withdrawn	27	12	3	1,152	244	1,347	279	349	74	-	-	15	2,860	615	22%
Total	301	337	82	11,144	2,363	16,699	3,393	4,277	866	69	11	35	32,547	6,754	21%
Homeowner Projects (all with additional affordability restrictions)															
	Total Projects	SEDU / Congregate Total	SEDU / Congregate Afford.	Studio Total	Studio Afford.	1BR Total	1BR Afford.	2BR Total	2BR Afford.	3BR Total	3BR Afford.	TRAO 50% AMI Units	ALL Total	ALL Afford.	% Restricted
Active	4	-	-	-	-	27	20	75	53	28	22	-	130	95	73%
Pipeline	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expired	2	-	-	-	-	16	5	40	12	30	7	-	86	24	28%
Withdrawn	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	6	-	-	-	-	43	25	115	65	58	29	-	216	119	55%
Rental Projects															
	Total Projects	SEDU / Congregate Total	SEDU / Congregate Afford.	Studio Total	Studio Afford.	1BR Total	1BR Afford.	2BR Total	2BR Afford.	3BR Total	3BR Afford.	TRAO 50% AMI Units	ALL Total	ALL Afford.	% Restricted
Active	215	84	20	7,579	1,584	11,890	2,401	3,360	682	115	21	20	23,049	4,732	21%
Pipeline	74	241	59	2,575	541	4,314	893	1,099	225	32	6	-	8,321	1,724	21%
Expired	14	-	-	239	94	604	125	373	65	47	11	-	1,263	294	23%
Withdrawn	27	12	3	1,152	244	1,347	279	349	74	-	-	15	2,860	615	22%
Total	330	337	82	11,545	2,463	18,155	3,698	5,181	1,046	194	38	35	35,493	7,365	21%

* SEDU: Small Efficiency Dwelling Unit

* TRAO: Tenant Relocation Assistance Ordinance; 1:1 replacement of dwelling units when displaced households qualify for TRAO

Project Name	Status	Affordable Units	
		Ever to Receive Final Certificate	Active in 2019
Noji Gardens	Expired	14	0
Stellina Condos	Expired	10	0
Nova Townhomes	Active	15	15
Habitat at Rainier Vista	Active	12	12
Pontedera Condos	Active, 12 units lost exemptions	59	47
Rainier Vista Block 5 Lot 2	Active	9	9
	Total	119	83