

**THE CITY OF SEATTLE
OFFICE OF HOUSING**

DIRECTOR'S RULE

PROPERTY TAX EXEMPTION PROGRAM FOR MULTIFAMILY HOUSING

Housing Rule 01-2009

Calculation of Maximum Rent

(1) Introduction.

SMC 5.73.040B requires that a certain percentage of Multifamily housing units be rented "at Affordable Rents to Income Eligible Occupants whose household income is at or below" a certain percentage of the Median Income. This rule explains how to calculate the "Affordable Rent" for such a unit.

(2) Affordable Rent Calculation.

In order to qualify as an Affordable Unit pursuant to SMC chapter 5.73, the monthly rent charged to Income Eligible Occupants, together with an allowance for basic utilities that tenant pays directly and not included in the monthly rent, may not exceed one-twelfth of 30% of the percentage of Median Income in accordance with SMC 5.73.040B. This amount shall be calculated as follows:

- Adjust the Median Income, as defined in SMC 5.73.020, assuming a presumed average family size based on unit type. Presumed average family size shall be 1 person for a studio unit or 2 persons per bedroom, as follows:
 - Studio unit: 1 person
 - 1-bedroom unit: 2 persons
 - 2-bedroom unit: 3 persons
 - 3-bedroom unit: 4 persons

Updated annual income guidelines and rent limits for the Seattle area, as published from time to time by HUD, are available at the link for income limits and affordable rents

<http://www.seattle.gov/housing/incentives/limits.htm>.

- To calculate the maximum monthly rent that may be charged to Income Eligible Occupants, use the adjusted Median Income, as designated, multiply by 30%, and divide by 12. The income limits and affordable rents table available at <http://www.seattle.gov/housing/incentives/limits.htm> also provides these calculations.
- From that amount subtract a monthly allowance for any basic utilities to be paid directly by the Income Eligible Occupants. Basic utilities include gas and/or electric for heating, cooking, range/microwave, refrigerator, air conditioning (if applicable) and other electric plus water/sewer/garbage. The utility allowance shall be calculated using the current U.S. Housing & Urban Development (HUD) Allowances for Tenant Furnished Utilities and Other

Services, by unit type, for the Seattle Housing Authority (SHA), which is available at <http://www.seattle.gov/housing/incentives/limits.htm>, or using an estimate of projected tenant payments based on project's experience demonstrating to the satisfaction of the Office of Housing that the estimates reflect a more accurate reflection.

- Rent includes all amounts paid directly or indirectly for the use or occupancy of the residential unit and common areas of the housing development. Rent does not include any fee paid for parking.

Example

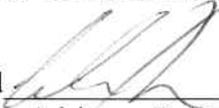
Scenario:

- Unit type: 1-bedroom
- Presumed average family size: 2 persons
- Basic utilities included in monthly rent: water/sewer/garbage
- All other basic utilities are paid for directly by Income Eligible Occupants
- Percentage of Median Income designated pursuant to SMC 5.73 and MFTE contract: 80%

Calculation:

- 80% of Median Income for a presumed average family size of 2 persons = \$52,080 (using 2008 income levels – please check OH website for updated income levels)
- \$52,080 multiplied by 30% divided by 12 = \$1,302
- Allowance for basic utilities not included in monthly rent = \$93 (for 1-bedroom unit per current HUD utility allowance schedule for SHA)
 - Natural gas heating = \$35
 - Electric cooking = \$1
 - Other electric = \$9
 - Air conditioning = \$1
 - Natural gas water heating = \$20
 - Range/microwave = \$7
 - Refrigerator = \$9
 - Service charges = \$11 (\$8 for gas + \$3 for electric)
- Maximum monthly rent for Affordable Units = \$1,302 - \$93 = \$1,209

(3) Capitalized terms used above shall have the meanings set forth in SMC chapter 5.73, 2008 Multifamily Housing Property Tax Exemption Program. See SMC 5.73.020 "Definitions" for further detail.

Approved 
Adrienne E. Quinn, Director

Effective 5/7/, 2009