


Director's Rule 2021-02

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| Program: Multifamily Tax Exemption | Page: 1 of 2 | Supersedes: Not applicable |
| Subject: Different MFTE Unit distribution requirements for Multifamily Housing towers measuring greater than 95 feet in height | Publication Date: 12/16/2021 | Effective Date: 12/16/2021 |
| Code and Section Reference: Seattle Municipal Code (SMC) 5.73.040.B.4.c | Type of Rule: Directive per SMC 5.73.040.B.4.c for different MFTE requirements for tower structures | Approved Signature & Date:  December 15, 2021 Robin Koskey, Interim Director, OH |

PURPOSE

This Director's Rule satisfies the directive, per SMC 5.73.040.B.4.c, to provide certain projects different requirements for distribution of MFTE Units within towers measuring greater than 95 feet in height. Capitalized terms shall have the meanings as defined according to SMC 5.73.020, as may be amended.

BACKGROUND

SMC Chapter 5.73 exempts eligible Multifamily Housing from ad valorem property taxation, as authorized by RCW 84.14, for a specific number of successive years starting on January 1 of the calendar year immediately following the year of a Final Certificate of Tax Exemption, as issued by the Office of Housing. SMC 5.73.040.B.4.a requires that MFTE Units be generally distributed throughout each structure that comprises the Multifamily Housing. The requirement helps achieve equitable distribution of rent- and income-restricted units within residential structures exempted from property taxes.

MFTE reauthorizing legislation, as substituted and adopted by City Council in 2019 ([Ordinance 125932](#)), requires a Housing Director's Rule to establish different MFTE Unit distribution requirements for towers that measure greater than 95 feet in height. For as long as SMC 5.73.040.B.4.c requires this Rule, it applies to eligible towers in projects with Contracts consistent with SMC Chapter 5.73 as of October 24, 2019 (effective date of [Ordinance 125932](#)) or thereafter.

RULE

Conditions

The application of different MFTE Unit distribution requirements to a tower according to this Director's Rule is conditioned on the following:

1. Office of Housing receipt of a complete MFTE application, as verified by the Office of Housing, satisfying requirements of SMC 5.73.050.A through 5.73.050.D; and
2. A plan set approved by the Seattle Department of Construction and Inspections (SDCI), in accordance with SMC 23.86.006 and SDCI Director's Rule 4-2012, each as may be amended, that clearly shows:
 - The height for each tower, excluding the podium,¹ if any, that is part of the Multifamily Housing; and
 - The sum of the net unit area² of units in Permanent Residential Occupancy³ on each floor of the Multifamily Housing.

MFTE Unit distribution

For each tower, excluding the podium if any, that exceeds 95 feet in height, MFTE Units may be provided on any floor for which units in Permanent Residential Occupancy comprise greater than one-half of the floor's total gross floor area, provided that no more than 40% of total units in permanent residential occupancy on any floor may be designated as MFTE Units. MFTE Units may not be clustered or stacked in a section or sections of a tower except where necessary to achieve proportionality by unit type and comparability of units. If the Multifamily Housing includes multiple structures, distribution of MFTE Units among the structures must be proportional to total units in each structure. If the Multifamily Housing includes a podium, distribution of MFTE Units among the podium and tower(s) must be proportional to total units in the podium and total units in the tower(s). MFTE Units within the podium shall be provided according to SMC 5.73.040.B.5.



Robin Koskey, Interim Director

December 15, 2021

Date

¹ Per SMC 23.84A.030, "podium" means the portion of a structure containing the stories closest to the street level that are below a specified height limit and that provide the base above which additional stories of a tower are permitted.

² Per SMC 23.86.007.B, where development standards refer to "net unit area," net unit area shall include all floor area bounded by the inside surface of the perimeter walls of the unit, as measured at the floor line. Net unit area excludes spaces shared by multiple units and accessible to all building occupants such as common hallways or lobbies. Net unit area includes any walls internal to the unit.

³ Per SMC 5.73.020, "permanent residential occupancy" means residential units that provide permanent residences for households. This excludes hotel, motel, short-term rental units (e.g. Airbnb, VBRO), and other residences that predominately offer rental or vacation accommodations on a monthly, weekly, or daily basis.