

CITY OF BELLEVUE, WASHINGTON

ORDINANCE NO. 6400

AN ORDINANCE relating to the Bellevue Multifamily Tax Exemption (MFTE) program and amending sections 4.52.050 and 4.52.090 of the Bellevue City Code (BCC); providing for severability, and establishing an effective date.

WHEREAS, Chapter 84.14 RCW allows a short term exemption from property taxation (known as the "multifamily tax exemption" (MFTE)) for the value of new housing construction; and

WHEREAS, Policy HO-29 of the Housing Element of the Comprehensive Plan supports exploration of financial incentives to encourage affordable housing, including the state property tax exemption; and

WHEREAS, in 2015, the City Council adopted Ordinance No. 6231 amending the Bellevue City Code to include a new Chapter 4.52, Multifamily Housing Property Tax Exemption; and

WHEREAS, in 2017, the City Council adopted Resolution No. 9274 approving the Bellevue Affordable Housing Strategy (AHS); and

WHEREAS, AHS Action C-3 calls for an update to the City's MFTE program to encourage greater developer participation; and

WHEREAS, the City Council identified Action C-3 as a high priority work item, with completion targeted for the first quarter of 2018; and

WHEREAS, the City Council reviewed MFTE program performance and options for changes at City Council study sessions on November 13, 2017 and January 8, 2018; and

WHEREAS, the City Council desires to amend Chapter 4.52 BCC to encourage greater developer participation in MFTE; now, therefore,

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES  
ORDAIN AS FOLLOWS:

Section 1. BCC 4.52.050 is hereby amended to read:

A. The owner of property applying for exemption under this chapter shall submit an application to the director, on a form established by the director. The owner shall verify the application by oath or affirmation. The application shall contain such

information as the director may deem necessary or useful, and shall include but not be limited to:

1. A brief written description of the project, including phasing if applicable, and preliminary schematic site and floor plans of the multifamily units and the structure(s) in which they are proposed to be located;
2. A statement from the owner acknowledging the potential tax liability when the property ceases to be eligible for exemption under this chapter;
3. Information describing how the owner will comply with the affordability requirements in BCC 4.52.090; and

B. At the time of application under this section, the owner shall pay to the city an initial application fee as established by the director. In addition, at the time of application under this section, the owner shall pay to the city a fee as set by King County to cover the county assessor's administrative costs. If the director approves the application pursuant to BCC 4.52.080, the city shall forward the fee for the county assessor's administrative costs to the county assessor. If the director denies the application pursuant to BCC 4.52.080, the city shall refund the fee for the assessor's administrative costs to the owner within 30 days of the director's decision, or in the event the owner appeals the director's decision, within 30 days of the final decision of any appeal pursuant to the provisions of BCC 4.52.115.

C. The director shall notify the owner within 30 days of the application being filed if the director determines that an application is not complete and shall identify what additional information is required before the application will be complete. Within 30 days of receiving additional information, the director shall notify the owner in writing if the director determines that the application is still not complete, and what additional information is necessary. A determination of completeness does not preclude the director from requiring additional information during the review process if more information is needed to evaluate the application according to the criteria in this chapter.

D. The deadline for application shall be any time before, but no later than, the date the first building permit under BCC Title 23 is issued for the multifamily housing structure.

1. The Director of Planning and Community Development may allow an exception to 4.52.040.D, subject to the following criteria:
  - i. The project meets all requirements established in BCC 4.52.040 for project eligibility; and
  - ii. Commitment by the applicant to submit a complete application no less than 60-days prior to issuance of a certificate of occupancy for the project; and

- iii. Submittal of the application has substantial merit and value for the community as a whole.

Section 2. BCC 4.52.090.A is hereby amended to read as follows:

A. The value of new multifamily housing construction improvements qualifying under this chapter shall be exempt from ad valorem property taxation for 12 years following the calendar year of issuance of the final certificate as provided in RCW 84.14.020(1) as follows:

1. In the Downtown Bellevue residential target area, a minimum of 20 percent of all units in the project shall be affordable units with affordable rents and rented to tenants whose household annual income is as follows:

- a. Twenty percent of the units are affordable units with affordable rents at or below 70 percent of King County median income.

- b. Any dwelling unit that is 300 square feet or less will be categorized as a very small dwelling unit. Any affordable unit that is a very small dwelling unit will be required to have an affordable rent at or below 45 percent of median income.

2. In the Eastgate Planning, Crossroads Village and Wilburton residential target areas a minimum of 20 percent of all the units in the project shall be affordable units with affordable rents and rented to tenants whose household annual income is as follows:

- a. Ten percent of the units are affordable units with affordable rents at or below 60 percent of King County median income;

- b. An additional 10 percent of the units are affordable units with affordable rents at or below 70 percent of the King County median household income; and

- c. Any dwelling unit that is 300 square feet or less will be categorized as a very small dwelling unit. Any affordable unit that is a very small dwelling unit will be required to have an affordable rent at or below 45 percent of median income.

3. In the Bel-Red residential target area a minimum of 20 percent of all the units in the project shall be affordable units with affordable rents and rented to tenants whose household annual income is as follows:

- a. Ten percent of the units are affordable units with affordable rents at or below 50 percent of King County median income;

b. An additional 10 percent of the units are affordable units with affordable rents at or below 70 percent of the King County median household income; and

c. Any dwelling unit that is 300 square feet or less will be categorized as a very small dwelling unit. Any affordable unit that is a very small dwelling unit will be required to have an affordable rent at or below 45 percent of median income.

4. For any affordable units required in this section, the following shall apply:

a. Affordable units shall have affordable rents as defined in BCC 4.52.020(B). The mix and configuration of affordable units (e.g., very small dwelling unit, studio, one-bedroom, two-bedroom, etc.) at each affordability level shall be substantially proportional to the mix and configuration of the total housing units in the project unless otherwise approved by the director.

b. Affordable units will be reserved for occupancy by eligible households who certify that their household annual income does not exceed the applicable percent of the King County median income; and who certify that they meet all qualifications for eligibility, including any requirements for recertification on income eligibility as set forth in the MFTE covenant referenced in BCC 4.52.040(E).

c. When the project contains more than one building, all of the affordable units required by this subsection A may not be located in the same building. If, in calculating the number of affordable units, the number contains a fraction, then the number of affordable units shall be rounded up to the next whole number.

B. The exemption does not apply to the value of land or to the value of improvements not qualifying under this chapter, to increases in assessed valuation of land and nonqualifying improvements, or to increases made by lawful order of the King County board of equalization, Washington State Department of Revenue, State Board of Tax Appeals, or King County, to a class of property throughout the county or a specific area of the county to achieve uniformity of assessment or appraisal as required by law.

Section 3. Severability. Should any provision of this ordinance or its application to any person or circumstance be held invalid, the remainder of the ordinance or the application or the provision to other person or circumstances shall not be affected.

Section 4. Effective Date. This Ordinance shall take effect and be in force five (5) days after its passage and legal publication.

1634-ORD  
2/1/2018

Passed by the City Council this 5<sup>th</sup> day of February, 2018  
and signed in authentication of its passage this 5<sup>th</sup> day of February,  
2018.

(SEAL)



John F. Cheliniak  
John Chelminiak, Mayor

Approved as to form.

Lori M. Riordan, City Attorney

Catherine A. Drews

Catherine A. Drews, Assistant City Attorney

Attest:

Kyle Stannert

Kyle Stannert, City Clerk

Published February 8, 2018,