

CITY OF BELLEVUE, WASHINGTON

ORDINANCE NO. 6901

AN ORDINANCE amending chapter 4.52 of the Bellevue City Code to increase utilization of the City's Multifamily Tax Exemption (MFTE) Program and promote the construction of affordable housing by expanding program options, clarifying program standards, revising exemptions applicable to areas with mandatory inclusionary zoning or near frequent transit service, improving alignment with land use codes, updating definitions, administrative and monitoring provisions, and correcting typographical errors and internal citations; providing for severability; and establishing an effective date.

WHEREAS, Chapter 84.14 RCW authorizes certain property tax exemptions, commonly referred to as Multifamily Tax Exemptions (MFTE), on the value of newly constructed or converted multifamily housing;

WHEREAS, the City Council established an MFTE Program in 2015, codified at 4.52 of the Bellevue City Code (BCC), to implement certain authorized exemptions;

WHEREAS, the City Council last reviewed and significantly amended its MFTE Program in 2021;

WHEREAS, the City Council has, again, reviewed the performance of its MFTE Program, considering potential amendments during study sessions held on October 25, 2025, and January 13, 2026;

WHEREAS, the City Council has recently adopted ordinances that seek to encourage development in and near transit oriented development areas, e.g. Ordinance No. 6846, and continues to study strategies to promote the construction of affordable housing in all land use zones;

WHEREAS, the City Council has received valuable input from staff, community stakeholders, and members of the public regarding the proposed changes to the MFTE program;

WHEREAS, the City Council seeks to amend Chapter 4.52 BCC to encourage greater developer participation in the MFTE program and to increase the supply of affordable housing units within the City of Bellevue; and

WHEREAS, the City Council finds the proposed amendments to Chapter 4.52 will advance the public welfare and serve the best interests of the community; now, therefore,

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

Section 1. The listing for chapter 4.52 BCC is hereby amended to read as follows:

**Chapter 4.52**  
**MULTIFAMILY HOUSING PROPERTY TAX EXEMPTION**

**Sections:**

<b>4.52.010</b>	<b>Purpose.</b>
<b>4.52.020</b>	<b>Definitions.</b>
<b>4.52.025</b>	<b>Director's authority.</b>
<b>4.52.030</b>	<b>Residential targeted areas – Criteria – Designation – Rescission.</b>
<b>4.52.040</b>	<b>Project eligibility.</b>
<b>4.52.050</b>	<b>Application procedure.</b>
<b>4.52.060</b>	<b>Application review – Issuance of conditional certificate – Denial – Appeal.</b>
<b>4.52.065</b>	<b>Amendment of MFTE contract.</b>
<b>4.52.070</b>	<b>Extension of conditional certificate.</b>
<b>4.52.080</b>	<b>Final certificate – Application – Issuance – Denial and appeal.</b>
<b>4.52.085</b>	<b>8-year tax exemption.</b>
<b>4.52.090</b>	<b>12-year tax exemption.</b>
<b>4.52.091</b>	<b>20-year tax exemption - Homeownership.</b>
<b>4.52.093</b>	<b>Requirements applicable to all exemptions.</b>
<b>4.52.095</b>	<b>Rent stabilization.</b>
<b>4.52.096</b>	<b>Rent relocation assistance.</b>
<b>4.52.097</b>	<b>Parking.</b>
<b>4.52.100</b>	<b>Annual certification.</b>
<b>4.52.110</b>	<b>Cancellation of exemption.</b>
<b>4.52.115</b>	<b>Appeals to hearing examiner.</b>
<b>4.52.120</b>	<b>Reporting.</b>
<b>4.52.125</b>	<b>Monitoring.</b>
<b>4.52.130</b>	<b><i>Repealed.</i></b>
<b>4.52.140</b>	<b>Conflicts.</b>
<b>4.52.150</b>	<b>Severability.</b>

Section 2: BCC 4.52.010 is hereby amended to read as follows:

A. The purposes of this chapter are to:

1. Encourage more multifamily housing opportunities within the city;
2. Stimulate the construction of new multifamily housing;
3. Encourage the creation of mixed-income housing that is affordable to households with a range of incomes in residential targeted areas;

4. Accomplish the planning goals required under the Growth Management Act, Chapter [36.70A](#) RCW, as implemented by the city's comprehensive plan;
  5. Promote community development and affordable housing in the city, especially within residential targeted areas;
  6. Encourage additional housing in certain areas to support investment in public transit projects.
- B. Any one or a combination of these purposes may be furthered by the designation of a residential targeted area under this chapter.

Section 3: BCC 4.52.020 is hereby amended to read as follows:

The following definitions are specific to this chapter and shall have the following meanings:

- A. "Affordable unit" means a dwelling unit as defined in Bellevue Land Use Code that is reserved for occupancy and rented at an affordable rent or sold at an affordable sale price to an eligible household.
- B. "Affordable rent" means that the monthly rent plus tenant-paid utilities and other required expenses for the unit do not exceed 30 percent of the percentage of the applicable monthly median income adjusted for household size designated in BCC 4.52.085 and BCC 4.52.090, for qualifying affordable units.
- C. "Affordable sale price" means that monthly mortgage payments, property taxes, property hazard insurance, homeowner's association dues, and other required expenses for the unit do not exceed 30 percent of the percentage of the applicable monthly median income adjusted for household size designated in BCC 4.52.091 for qualifying affordable units.
- D. "Assessor" means the King County assessor.
- E. "Conversion" means the conversion of a nonresidential building, in whole or in part, to multiple unit housing under this chapter."
- F. "Director" means the director of the city's Office of Housing, or any other city office, department or agency that shall succeed to its functions with respect to this chapter, or his or her authorized designee.
- G. "Eligible household" means one or more adults and their dependents who, as set forth in a recorded covenant as referenced in BCC [4.52.040\(E\)](#), certify

that their household 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.

- H. "Household income" means the aggregate income of all persons over 18 years of age residing within the same household for a period of at least four months.
- I. "King County median income" or "median income" means the median income for the Seattle-Bellevue, WA Housing and Urban Development Metro Fair Market Rent Area ("Seattle-Bellevue HMFA") as most recently published by the United States Department of Housing and Urban Development (the "HUD"). In the event that HUD no longer publishes median family income figures for Seattle-Bellevue HMFA or King County, the director may estimate the applicable median income, in such manner as the director shall determine by rule adopted following a public comment opportunity, consistent with LUC 20.40.100.
- J. "MFTE" means multifamily housing property tax exemption.
- K. "MFTE contract" means the agreement between the property owner and the city regarding the terms and conditions of the project and eligibility for exemption under this chapter.
- L. "MFTE covenant" means the agreement that is in a form acceptable to the city attorney that addresses price restrictions, eligible household qualifications, long-term affordability, and any other applicable topics of the affordable units as referenced in BCC [4.52.040\(E\)](#).
- M. "Multifamily housing" means a building or group of buildings, having four or more dwelling units designed for permanent residential occupancy resulting from new construction or conversion of nonresidential space to multifamily housing.
- N. "Owner" means the property owner of record.
- O. "Permanently affordable homeownership" means homeownership that, in addition to being an "affordable unit", is: (a) sponsored by a nonprofit or governmental entity; (b) subject to a ground lease or deed restriction that includes (i) a resale restriction designed to provide affordability for future low and moderate low-income homebuyers, (ii) a right of first refusal for the sponsor organization to purchase the home at resale, and (iii) a requirement that the sponsor must approve any refinancing, including home equity lines of credit; and (c) sponsored by a nonprofit organization or governmental entity and the sponsor organization (i) executes a new ground lease or deed restriction with a duration of at least 99 years at the initial sale and with each

successive sale and (ii) supports homeowners and enforces the ground lease or deed restriction.

- P. "Permanent residential occupancy" means multifamily housing that provides rental occupancy for a period of 30 or more days. Transient lodging, as defined in LUC 20.50.048, does not constitute permanent residential occupancy.
- Q. "Project" means the multifamily housing or portion of the multifamily housing that is to receive the tax exemption.
- R. "Residential targeted area" means an area within an urban center as defined by Chapter [84.14](#) RCW (now or as hereafter amended) that has been designated by the city council under this chapter.

Section 4: BCC 4.52.025 is hereby amended to read as follows:

- A. *General Authority.* The director of the Office of Housing is charged with the administration and enforcement of the provisions of this chapter.
- B. *Recording.* The director is authorized to cause to be recorded, or to require the owner to record, in the real property records of the King County recorder's office, the MFTE covenant with the city required under BCC [4.52.060\(A\)](#), and such other document(s) as will identify such terms and conditions of eligibility for exemption under this chapter as the director deems appropriate for recording, including requirements under this chapter relating to affordability of units.
- C. *Power to Correct Errors.* The director may at any time amend an administrative decision to correct an error clearly identifiable from the public record. Such a correction does not affect any time limit provided for in this chapter.
- D. *Power to Clarify.* The director may at any time clarify a statement in a written administrative decision as long as the clarification does not alter the intent or effect of the decision.
- E. *Power to Adopt Procedures.* The director may develop, adopt, modify and implement procedures as necessary to administer this chapter.

Section 5: BCC 4.52.040 is hereby amended to read as follows:

To be eligible for exemption from property taxation under this chapter, the property shall satisfy all of the following requirements:

- A. The property must be located in a residential targeted area.

- B. The project must be new construction or conversion of multifamily rental or for-sale housing consisting of at least four dwelling units, either within one or more buildings or as part of a mixed use development, in which at least 50 percent of the space within such residential structure or mixed use development is intended for permanent residential occupancy.
- C. No application may result in the net loss of existing affordable housing which receives housing assistance through federal low or moderate income housing programs (e.g., HUD Section 8 program).
- D. Affordable housing shall be provided in the project as described in BCC 4.52.085, BCC 4.52.090, BCC 4.52.091 and BCC 4.52.093.
- E. Prior to issuing a building permit, the owner shall record with the King County recorder's office an MFTE covenant in a form acceptable to the city attorney that addresses price restrictions, eligible household qualifications, long-term affordability, and any other applicable topics of the affordable units. This MFTE covenant shall run with the land and shall be binding on the assigns, heirs and successors of the owner.
- F. A minimum of 15 percent of the project's housing units must have two or more bedrooms unless the project meets the criteria described in BCC 4.52.080(C), BCC 4.52.090(B), or may otherwise be exempt under the chapter.
- G. The distribution, mix, size, materials, finishes, design, amenities and appliances of and for affordable units required under the applicable exemption shall be consistent with the affordable housing standards prescribed under LUC 20.20.128(A)(3), or as otherwise amended. In determining whether a Project complies with said land use standard the director of the Office of Housing, or designee, shall be guided by any rule adopted by the director of Development Services interpreting and applying said land use standards.
- H. The project shall comply with all applicable provisions of the Bellevue City Code, including but not limited to BCC Titles [14](#) (Transportation Code), [20](#) (Land Use Code), [21](#) (Comprehensive Plan), [22](#) (Development Code), [23](#) (Construction Codes) and [24](#) (Utilities Codes).
- I. Construction or conversion of new multifamily housing must be completed within three years from the date of approval of the application, or within an extension authorized under this chapter.

Section 6: BCC 4.52.050 is hereby amended to read as follows:

- A. The owner of property applying for exemption under this chapter shall submit an application to the director, or designee, 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; and
  - 3. Information describing how the owner will comply with the affordability requirements in BCC 4.52.085, BCC 4.52.090, and/or BCC 4.52.091.
- B. At the time of application under this section, the owner shall pay to the city an initial application fee as established by the city council. 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. 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 director may allow an exception to this section subject to the following criteria:
  - 1. The project meets all other requirements established in BCC 4.52.040 for project eligibility;

2. Commitment by the applicant to submit a complete application no less than 60 days prior to issuance of occupancy for the project; and
3. The application has substantial merit and value for the community as a whole.

Section 7: BCC 4.52.065 is hereby amended to read as follows:

- A. An owner may seek an amendment of the MFTE contract between the owner and the city by submitting a request in writing to the director at any time prior to receiving the final certificate of tax exemption ("final certificate").
- B. The director may approve amendments to the MFTE contract between the owner and the city that are reasonably within the scope and intent of the MFTE contract.
- C. Any owner seeking amendments to the approved MFTE contract shall pay to the city an amendment application fee as established by the city council.
- D. The date for expiration of the conditional certificate shall not be extended by contract amendment unless all the conditions for extension set forth in BCC [4.52.070](#) are met.

Section 8: BCC 4.52.070 is hereby amended to read as follows:

- A. The director may extend the conditional certificate for a period not to exceed 24 consecutive months. The owner shall submit a written request stating the grounds for the extension together with a fee as established by the city council. The director may grant an extension if the director determines that:
  1. The anticipated failure to complete construction of the project within the required time period is due to circumstances beyond the control of the owner;
  2. The owner has been acting and could reasonably be expected to continue to act in good faith and with due diligence; and
  3. All the conditions of the original MFTE contract between the owner and the city will be satisfied upon completion of the project.

Section 9: BCC 4.52.080 is hereby amended to read as follows:

- A. Upon completion of the project as provided in the MFTE contract between the owner and the city, and upon issuance of a certificate of occupancy, the owner may request a final certificate of tax exemption. The owner shall file



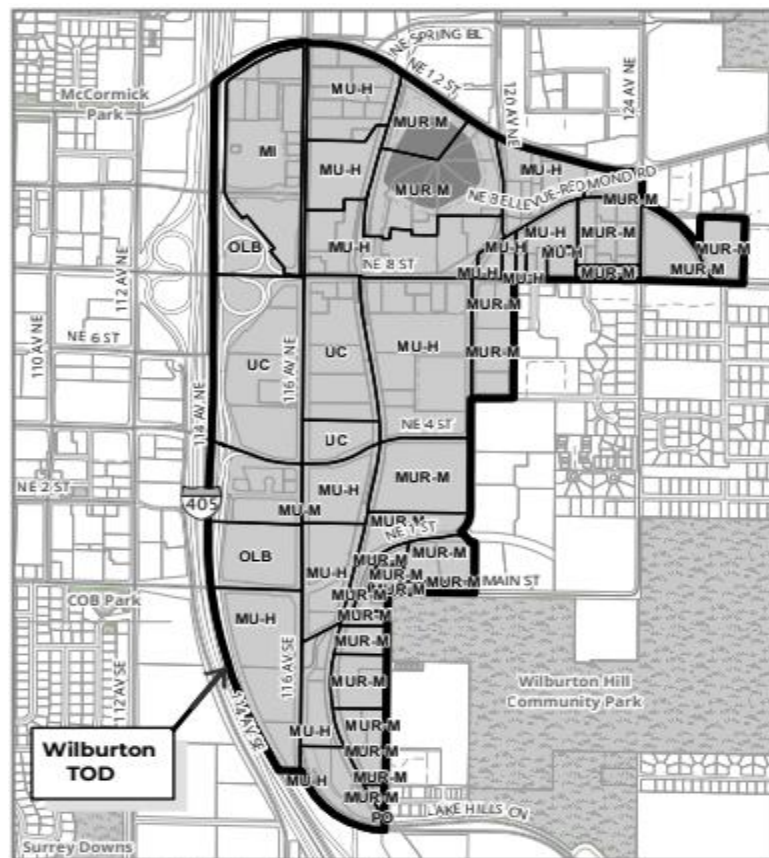
with the director such information as the director may deem necessary or useful to evaluate eligibility for the final certificate, and shall include:

1. A statement of expenditures made with respect to each multifamily housing unit, including phasing if applicable, and the total expenditures made with respect to the entire property;
  2. A description of the completed work and a statement of qualification for the exemption;
  3. A statement that the work was completed within the required three-year period or any approved extension; and
  4. Information on the owner's compliance with the affordability requirements in BCC 4.52.085, BCC 4.52.090, and/or BCC 4.52.091.
- B. Within 30 days of receipt of all materials required for a final certificate, the director shall determine whether the completed work is consistent with the application and MFTE contract and is qualified for limited exemption under Chapter [84.14](#) RCW, and which specific improvements completed meet the requirements of this chapter and the required findings of RCW [84.14.060](#), now or hereafter amended.
- C. If the director determines that the project has been completed in accordance with the MFTE contract between the city and owner, and with subsection [A](#) of this section, the city shall file a final certificate of tax exemption with the assessor within 10 days of the expiration of the 30-day period provided under subsection [B](#) of this section.
- D. The director shall notify the owner in writing that the city will not file a final certificate if the director determines that the project was not completed within the required three-year period or any approved extension or was not completed in accordance with subsection [B](#) of this section; or if the director determines that the owner's property is not otherwise qualified under this chapter or if the owner and the director cannot agree on the allocation of the value of the improvements allocated to the exempt portion of new construction and multiuse new construction.
- E. Within 30 days of the date of notice of denial of final certificate, the owner may file a notice of appeal with the city clerk along with the appeal fee as established by ordinance specifying the factual and legal basis for the appeal. The appeal shall be heard by the city's hearing examiner pursuant to BCC [4.52.115](#).

Section 10: A new Section 4.52.085 is added to Chapter 4.52 of the Bellevue City Code as follows:

The value of new multifamily rental housing construction and conversion improvements qualifying under this chapter shall be exempt from ad valorem property taxation for a period of 8 successive years, beginning January 1st of the year immediately following the calendar year of issuance of the final certificate, provided:

- A. The Project involves multifamily rental housing located in either the Wilburton Transit-Oriented-Development (TOD) Area as depicted below or another land use district where the city council has established a minimum amount of affordable housing that must be provided by all residential developments for the project to proceed.



- B. The Project satisfies the following affordability requirements:

1. Wilburton TOD. Except as provided in subsection C below:

- a. A minimum of 8 percent of the Project's total units shall be affordable units with affordable rents at or below 60 percent of the King County median income, adjusted for household size; or

- b. A minimum of 6.5 percent of the Project's total units shall be affordable units with affordable rents at or below 50 percent of the King County median income, adjusted for household size.
  - 2. Other Mandatory Inclusionary Zones. Except as provided in subsection C below:
    - a. A minimum of 8.5 percent of the Project's total units shall be affordable units with affordable rents at or below 60 percent of the King County median income, adjusted for household size; or
    - b. A minimum of 7 percent of the Project's total units shall be affordable units with affordable rents at or below 50 percent of the King County median income, adjusted for household size.
- C. If a Project is unable to meet the MFTE's program's eligibility requirements that a minimum of 15 percent of its total units have two or more bedrooms, then the Project may still qualify for the MFTE program as follows:
  - 1. Wilburton TOD. The Project must select one of the following:
    - a. A minimum of 9 percent of the Project's total units shall be affordable units with affordable rents at or below 60 percent of the King County median income, adjusted for household size; or
    - b. A minimum of 7 percent of the Project's total units shall be affordable units with affordable rents at or below 50 percent of the King County median income, adjusted for household size.
  - 2. Other Mandatory Inclusionary Zones. The Project must select one of the following:
    - a. A minimum of 9 percent of the Project's total units shall be affordable units with affordable rents at or below 60 percent of the King County median income, adjusted for household size.
    - b. A minimum of 7.5 percent of the Project's total units shall be affordable units with affordable rents at or below 50 percent of the King County median income, adjusted for household size.
- D. If any affordable units is categorized as a very small dwelling unit, then said unit shall have affordable rents at or below 50 percent of the King County median income, adjusted for household size. A "very small dwelling unit" is one that is 320 square feet or less.

- E. Designated Affordable Units reserved for Eligible Households with annual incomes as prescribed in this section shall continue to be made available to Eligible Households with the prescribed annual income for a minimum of fifty (50) years from the date of initial occupancy.
- F. No new exemptions may be provided under this section after January 1, 2032.

Section 11: BCC 4.52.090 is hereby amended to read as follows:

The value of new multifamily rental housing construction or conversion improvements qualifying under this chapter shall be exempt from ad valorem property taxation for 12 successive years, beginning January 1st of the year immediately following the calendar year of issuance of the final certificate, provided

- A. Except as provided in subsections (B)(1) and (B)(2) below, a minimum of 20 percent of the Project's total units must be affordable units with affordable rents as follows:
  - 1. Any affordable unit that is a very small dwelling unit shall have an affordable rent at or below 50 percent of the King County median income, adjusted for household size. A "very small dwelling unit" is one that is 320 square feet or less.
  - 2. Any affordable unit that is not a very small dwelling unit shall have affordable rents at or below 80 percent of the King County median income, adjusted for household size.
- B. If a Project is unable to meet the MFTE program's eligibility requirement that a minimum of 15 percent of its total units have two or more bedrooms, then the project may still qualify for the MFTE program provided it selects one of the following:
  - 1. A minimum of 25 percent of the project's total units are affordable units and shall have affordable rents at or below 80 percent of the King County median income, adjusted for household size; or
  - 2. A minimum of 20 percent of the project's total units are affordable units and shall have affordable rents at or below 70 percent of the King County median income, adjusted for household size; except any affordable units having two or more bedrooms shall remain at or below 80 percent of the King County median income, adjusted for household size.

Nothing in this subsection shall relieve the Owner of the affordability requirements for very small dwelling units as required in subsection A(1) above.

- C. Designated affordable units identified for Eligible Households with household annual incomes as prescribed in this section shall continue to be made available to Eligible households with the prescribed household annual income restrictions for a minimum of twelve years from the date of initial occupancy.
- D. No new exemptions may be provided under this section after January 1, 2032.

Section 12: A new Section 4.52.091 is added to Chapter 4.52 of the Bellevue City Code as follows:

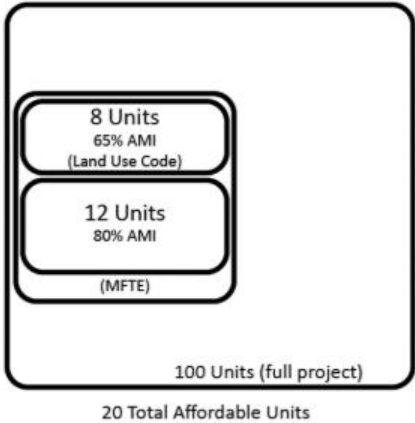
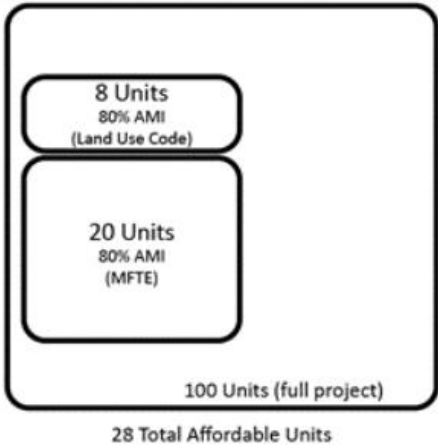
- A. The value of new multifamily housing construction or conversion that provides for permanently affordable homeownership units qualifying under this chapter shall be exempt from ad valorem property taxation for 20 successive years, beginning January 1st of the year immediately following the calendar year of issuance of the final certificate, provided:
  - 1. A minimum of 25 percent of the Project's total units must be affordable units with an affordable sale price at or below 80 percent of the King County median income, adjusted for household size.
  - 2. The affordable units designated shall be sponsored by a nonprofit or governmental entity to ensure affordability for a minimum period of 99 years.
  - 3. Resale of each affordable unit shall not occur without prior notice to the director. The resale of an affordable unit shall provide permanent affordable homeownership for eligible households with incomes at or below 80 percent of the King County median income, adjusted for household size.
  - 4. Each affordable unit shall be owned and occupied by an eligible household as its principal residence, and the eligible household shall not lease the unit unless the director provides prior approval of a limited short-term exception.
- B. A Project that benefits from an exemption under this section shall be exempt from the requirement under BCC 4.52.040(F) that 15 percent of the Project's affordable housing units have two or more bedrooms.
- C. No new exemptions may be provided under this section after January 1, 2032.

Section 13: A new Section 4.52.093 is added to Chapter 4.52 of the Bellevue City Code as follows:

For any affordable units required under this chapter, the following shall apply:

- A. Rents or Sale Price. Affordable units shall have affordable rents as defined in BCC [4.52.020\(B\)](#) or an affordable sale price as defined in BCC 4.52.020(C).
- B. Distribution of Units. The designated affordable units shall be distributed throughout the Project and intermingled with market-rate units consistent with LUC 20.20.128(A)(3), or as otherwise amended.
- C. Mix of Units. The designated affordable units shall consist of a mix of a number of bedrooms that is in the same proportion as the bedroom mix of market-rate units in the Project consistent with LUC 20.20.128(A)(3), or as otherwise amended.
- D. Size of Units. The designated affordable units shall be provided in a range of sizes comparable to the size of market-rate dwelling units in the Project, consistent with LUC 20.20.128(A)(3).
- E. Materials and Finishings. The materials, finishes, design, amenities, and appliances in designated affordable units must be substantially comparable to, and provide substantially the same functionality as, those in market-rate units, consistent with LUC 20.20.128(A)(3).
- F. Eligible Tenant Certification. Affordable units will be reserved for occupancy by eligible households who certify that their household income does not exceed the applicable percentage 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\(E\)](#) or 4.52.090(D)(2).
- G. Fractions in Unit Calculations. When calculating the number of affordable units required for a tax exemption authorized under this chapter:
  - 1. The number of affordable dwelling units shall not be less than one (1).
  - 2. If the calculation results in a fractional number:
    - a. If the fraction is 0.5 or greater, the number of affordable dwelling units shall be rounded up to the next higher whole number.
    - b. If the fraction is less than 0.5, the number of affordable dwelling units shall be round down to the next lower whole number, provided that the result is not less than one (1).

- H. Limitation on Property Tax Exemption Valuations. 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.
- I. Other Affordable Housing Incentive Program Coordination. An eligible project may benefit from both the MFTE program and other incentive programs that seek to increase the quantity of affordable housing. When a project utilizes both the MFTE program and another incentive program, the project shall apply the MFTE benefit as follows:
1. *Overlap.* When a project overlaps the MFTE benefit with units that also receive incentives from another affordable housing program, and said units are used simultaneously to satisfy the requirements of both programs, the affordable rents for said units shall be at least 15 percentage points below the applicable King County median income level, adjusted for household size, as prescribed in this chapter, provided this 15 percent reduction shall not apply to very small dwelling units described in subsection BCC 45.52.090(A)(1). Thus, by example, when a project overlaps an MFTE unit as described in subsection BCC 4.52.090 with another affordable housing program, said unit would have affordable rents at or below 65 percent of the King County median income, adjusted for household size; or
  2. *No Overlap.* When a project does not overlap the MFTE benefit with units that also receive incentives from another affordable housing program, the affordable units required under this chapter shall be in addition to those that the project is required to designate under the other incentive programs.
  3. *Illustration.*

Overlap	No Overlap
<p>In a 100-unit project, where 8 affordable units are required under an incentive program other than the MFTE program, and 20 affordable units are required under the MFTE program, overlapping the 2 incentive programs for a total of 20 affordable units, then for 12 years the affordable rents for the 8 overlapping units shall be at or below 65 percent of the King County median income, adjusted for household size, and the affordable rents for the remaining 12 units shall be at or below 80 percent of the king County median income adjusted for household size. When the exemption expires or terminates, the project must continue to provide the 8 affordable units as required under the other incentive program.</p>  <p>Note: Illustration assumes the project satisfies the 15 percent requirement under BCC 4.52.040(F) and the project does not include very small dwelling units.</p>	<p>In a 100-unit project, where 8 affordable units are required under an incentive program other than the MFTE program, and 20 affordable units are required to be set aside under the MFTE program, for a total of 28 affordable units, then the affordable rents for the 20 MFTE units shall be at or below 80 percent of the King County median income for the duration of the MFTE program. The project must provide the 8 additional affordable units consistent with the other incentive program's requirements.</p>  <p>Note: Illustration assumes the project satisfies the 15 percent requirement under BCC 4.52.040(F) and the project does not include very small dwelling units.</p>

Nothing in this chapter shall relieve a project of observing more restrictive criteria prescribed under another affordable housing incentive program.



4. *Exemptions.* This Paragraph I does not apply to projects receiving a tax exemption under BCC 4.52.085 or BCC 4.52.091, or to projects receiving a tax exemption under BCC 4.52.090 that are located within the Wilburton TOD Area.
- J. To benefit from any tax exemption identified in this chapter, the Project may not pay fees in lieu of any affordable housing requirements otherwise required under another affordable housing incentive program.
- K. Unless otherwise stated, nothing in this section shall relieve the owner of complying with the eligibility requirements in BCC [4.52.040](#).

Section 14: A new Section 4.52.096 is added to Chapter 4.52 of the Bellevue City Code as follows:

The Owner shall provide rent relocation assistance to Eligible Households occupying Affordable Units as follows:

- A. Except as provided in (B) of this section, at the expiration of the applicable exemption period, the Owner must provide tenant relocation assistance, in an amount equal to one month's Affordable Rent, to an Eligible Household within the final month of the Eligible Household's lease. To be eligible for tenant relocation assistance under this section, the Eligible Household must:
1. Occupy the Affordable Unit at the time the exemption expires, and
  2. Qualify as an Eligible Household at the time relocation assistance is sought.
- B. If affordability requirements consistent with those required under an MFTE covenant remain in place for the Affordable Unit after the expiration of the exemption, then relocation assistance in an amount equal to one month's Affordable Rent, must be provided to each Eligible Household, within the final month of the Eligible Household's lease, that occupies an Affordable Unit at the time those affordability requirements cease to apply to the unit.
- C. Owners must provide written notice to all Eligible Households residing in Affordable Units advising them of the availability of rental relocation assistance, as described herein. This notice must be provided at least twice: once no later than December 1 of the second to last year of the exemption period; and once no later than December 1 of the last and final year of the exemption period.
- D. The obligation to provide rent relocation assistance as described herein is limited to Projects benefiting from the tax exemption described in BCC 4.52.090.

Section 15: BCC 4.52.097 is hereby amended to read as follows:

- A. The city council finds low and moderate income individuals require access to reliable transportation and costs associated with parking often make housing unaffordable, further cost burdening said individuals, contrary to the aims of this chapter.
- B. Projects that benefit from the MFTE program shall mitigate the parking costs of their affordable tenants occupying MFTE sponsored units as follows:
  - 1. Eligible projects shall offer affordable tenants who choose to rent a parking space through the project a 30 percent discount off the market rate price.
    - a. The “market rate price” shall be the lesser of: (i) the average actual cost of a parking stall of comparable type and configuration for market rate tenants in the preceding calendar year, or (ii) the stated price of a parking stall of comparable type and configuration offered to market rate tenants at the time of an MFTE tenant’s lease, inclusive of any discounts offered in promotional or marketing materials.
    - b. Projects required to mitigate parking costs shall not be required to set aside parking spaces for affordable tenants, but the project shall rent available parking spaces on a first-come, first-served basis.
    - c. Projects required to mitigate parking costs shall not give preference to market-rate tenants over affordable tenants in providing any parking spaces that may be available.
    - d. Any discounted parking space provided to a tenant in an affordable unit shall be nontransferable.
  - 2. Eligible projects located in the downtown land use district, as described in Part [20.25A](#) LUC, or that may be near frequent transit service, as described in LUC 20.20.590, are exempt from the discount requirement described above, given their proximity to high frequency transit, employment, and social/cultural centers.

Section 16: BCC 4.52.100 is hereby amended to read as follows:

- A. A property that receives a tax exemption under this chapter shall continue to comply with the MFTE contract and covenant and the requirements of this chapter in order to retain its property tax exemption.
- B. Within 30 days after the first anniversary of the date the city filed the final certificate of tax exemption and each year for the tax exemption period, the

property owner shall file a certification with the director, verified upon oath or affirmation, which shall contain such information as the director may deem necessary or useful, and shall include the following information:

1. A statement of occupancy and vacancy of the multifamily units during the previous year;
2. A certification that the property has not changed use since the date of filing of the final certificate of tax exemption, and continues to be in compliance with the MFTE contract and covenant with the city and the requirements of this chapter;
3. A description of any improvements or changes to the property made after the filing of the final certificate or last declaration, as applicable;
4. Information demonstrating the owner's compliance with the affordability requirements of BCC 4.52.085, BCC 4.52.090, and/or BCC 4.52.091;
5. The total monthly rent of each unit;
6. For the affordable units, the income of each household at the time of initial occupancy and their current income;
7. The value of the tax exemption for the project; and
8. Any additional information requested by the city in regard to the units receiving a tax exemption (pursuant to meeting any reporting requirements under Chapter [84.14](#) RCW).

Section 17: BCC 4.52.110 is hereby amended to read as follows:

- A. The director may cancel the tax exemption if the property owner breaches any term of the MFTE contract, covenant, or any part of this chapter. Reasons for cancellation include but are not limited to the following:
  1. Failure to file the annual certification or filing a defective certification.
  2. Violation of any applicable zoning requirements, land use regulations, or building and housing code requirements contained in BCC Titles [20](#) and [23](#). Timely and cooperative resolution of the violation(s) may serve as a mitigating factor in the director's decision of whether to cancel the exemption.
  3. Conversion of the multifamily housing to another use. The owner shall notify the director and the county assessor no less than 60 days of the

intended change in use. Upon such change in use, the tax exemption shall be canceled pursuant to this section.

4. Any noncompliance with this chapter 4.52 BCC.
- B. Upon cancellation of the exemption for any reason, the property owner shall be immediately liable for all taxes, interest and penalties pursuant to law. Upon determining that a tax exemption shall be canceled, the director shall notify the property owner by certified mail, return receipt requested. The property owner may appeal the determination by filing a notice of appeal with the city clerk along with the appeal fee established by ordinance within 30 days of the date of notice of cancellation, specifying the factual and legal basis for the appeal in writing. The appeal shall be heard by the hearing examiner pursuant to BCC [4.52.115](#).
- C. Failure to submit the annual declaration may result in cancellation of the tax exemption pursuant to this section.

Section 18: BCC 4.52.120 is hereby amended to read as follows:

- A. If the city issues tax exemption certificates pursuant to this chapter, the director shall submit the report required by RCW [84.14.100](#) to the Department of Commerce by December 31st of each year.
- B. The director or designee shall review the program established by this chapter and provide an annual report to the city council describing development activity, types and numbers of units produced and their locations, rent, information regarding the number of low and moderate income households benefiting from the program, and other appropriate factors.
- C. The director shall review the requirements of this chapter at least once every four years, and may do so more frequently as needed. Each review shall assess consistency with applicable laws and adopted plans, the promotion of affordable housing, and responsiveness to community needs. Based on the review, the director shall submit recommendations to the city council, which may include, but are not limited to, changes to eligibility criteria, program scope, duration, or exemption, to ensure continued effectiveness in promoting and preserving affordable housing.

Section 19: A new Section 4.52.125 is added to Chapter 4.52 of the Bellevue City Code as follows:

To ensure ongoing compliance with this chapter and the terms and conditions in any MFTE contract and covenant referenced in BCC 4.52.060, the director shall collect a monitoring fee as established by the city council. This fee, which may be adjusted from time to time, is intended to cover the review and processing of documentation

necessary to ensure adherence to income and affordability requirements required for any authorized tax exemption.

Section 20. Severability. If any section, subsection, sentence, clause, or phrase of this ordinance, or its application to any person or circumstance, is held invalid, such invalidity shall not affect the validity of the remaining portions of this ordinance or the application of the provision to other persons or circumstances.

Section 21. Effective Date. This Ordinance shall take effect and be in force five (5) days after its passage and legal publication.

Passed by the City Council this \_\_\_\_\_ day of \_\_\_\_\_, 2026, and signed in authentication of its passage this \_\_\_\_\_ day of \_\_\_\_\_ 2026.

(SEAL)

\_\_\_\_\_  
Mo Malakoutian, Mayor

Approved as to form:  
Trisna Tanus, City Attorney

\_\_\_\_\_  
Brian Wendt, Assistant City Attorney

Attest:

\_\_\_\_\_  
Charmaine Arredondo, City Clerk

Published \_\_\_\_\_