

**Grey boxes with italicized text represent annotations for clarity only*

Chapter 4.52 MULTIFAMILY HOUSING PROPERTY TAX EXEMPTION

Sections:

- 4.52.010 Purpose.**
- 4.52.020 Definitions.**
- 4.52.025 Director's authority.**
- 4.52.030 Residential targeted areas – Criteria – Designation – Rescission.**
- 4.52.040 Project eligibility.**
- 4.52.050 Application procedure – Fee.**
- 4.52.060 Application review – Issuance of conditional certificate – Denial – Appeal.**
- 4.52.065 Amendment of MFTE contract.**
- 4.52.070 Extension of conditional certificate.**
- 4.52.080 Final certificate – Application – Issuance – Denial and appeal.**
- 4.52.090 Exemption – Duration – Affordability requirements – Limits.**
- 4.52.095 Rent stabilization.**
- 4.52.097 Parking.**
- 4.52.100 Annual certification.**
- 4.52.110 Cancellation of exemption.**
- 4.52.115 Appeals to hearing examiner.**
- 4.52.120 Annual reporting.**
- 4.52.130 Repealed.***
- 4.52.140 Conflicts.**

4.52.150 Severability.

4.52.010 Purpose.

No substantial edits are proposed in this section – only clean-up language.

A. The purposes of this chapter are to:

1. Encourage more **m**Multifamily **h**Housing opportunities within the **e**City;
2. Stimulate the construction of new **m**Multifamily **h**Housing;
3. Encourage the creation of mixed-income housing that is affordable to households with a range of incomes in **r**Residential **t**Targeted **a**Areas;
4. Accomplish the planning goals required under the Growth Management Act, Chapter [36.70A](#) RCW, as implemented by the **e**City’s comprehensive plan;
5. Promote community development and affordable housing in the **e**City, especially **r**Residential **t**Targeted **a**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 **r**Residential **t**Targeted **a**Area under this chapter.

(Ord. 6231 § 2, 2015.)

4.52.020 Definitions.

“Affordable Rent” definition is updated to reference monthly costs rather than annual.

“King County Median Income” definition is updated to reflect current definitions from HUD and to reflect typical contract language.

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

- A. “Affordable **u**Unit” means a dwelling unit as defined in Bellevue Land Use Code that is reserved for occupancy and rented at an **a**Affordable **r**Rent to an **E**ligible **h**Household.

- B. “Affordable ~~r~~Rent” means that the ~~annual-monthly~~ rent plus tenant paid utilities and other required expenses for the unit does not exceed 30 percent of the percentage of the applicable ~~monthly~~ median income adjusted for household size designated in BCC [4.52.090](#) for qualifying ~~a~~Affordable ~~u~~Units.
- C. “Assessor” means the King County ~~a~~Assessor.
- D. “Director” means the ~~d~~Director of the ~~e~~City’s ~~e~~Community ~~d~~Development ~~d~~Department, 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.
- E. “Eligible ~~h~~Household” means one or more adults and their dependents who, as set forth in the regulatory agreement referenced in BCC [4.52.040](#) ~~(E)~~, certify that their household ~~annual~~-income does not exceed the applicable percent of the King County ~~m~~Median ~~i~~Income; and who certify that they meet all qualifications for eligibility, including any requirements for recertification on income eligibility.
- F. “Household ~~annual-i~~Income” means the aggregate ~~annual~~-income of all persons over 18 years of age residing within the same household for a period of at least four months.
- G. “King County ~~m~~Median ~~i~~Income” or “median income” means the median income for the Seattle-Bellevue, WA ~~HUD-Housing and Urban Development~~ Metro ~~FMR-Fair Market Rent~~ Area (“~~Seattle-Bellevue HMFA~~”) as most recently ~~determined-published~~ by the ~~United States Department Secretary~~ of Housing and Urban Development (the “~~Secretary HUD~~”) ~~under Section 8(f)(3) of the United States Housing Act of 1937, as amended, or if programs under Section 8(f)(3) are terminated, median income determined under the method used by the Secretary immediately prior to termination~~ 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.
- H. “MFTE” means multifamily property tax exemption.
- I. “MFTE ~~e~~Contract” means the agreement between the property owner and the ~~e~~City regarding the terms and conditions of the ~~p~~Project and eligibility for exemption under this chapter.
- J. “MFTE ~~e~~Covenant” means the agreement that is in a form acceptable to the ~~e~~City ~~a~~Attorney that addresses price restrictions, ~~e~~Eligible ~~h~~Household qualifications, long-term affordability, and any other applicable topics of the affordable ~~housing~~-units as referenced in BCC [4.52.040](#) ~~(E)~~.
- K. “Multifamily ~~h~~Housing” means a building or townhouse project having four or more dwelling units designed for ~~p~~Permanent ~~r~~Residential ~~e~~Occupancy resulting from new construction.

- L. "Owner" means the property owner of record.
- M. "Permanent ~~r~~Residential ~~o~~Occupancy" means ~~m~~Multifamily ~~h~~Housing that provides ~~either~~ rental occupancy for a period of at least one month, and excludes transient lodging as defined in LUC [20.50.048](#) now or as hereafter amended.
- N. "Project" means the ~~m~~Multifamily ~~h~~Housing or portion of the ~~m~~Multifamily ~~h~~Housing that is to receive the tax exemption.
- O. "Residential ~~t~~Targeted ~~a~~Area" means an area within an urban center as defined by Chapter [84.14](#) RCW (now or as hereafter amended) ~~and the city~~ that has been designated by the ~~e~~City ~~e~~Council under this chapter.

(Ord. 6231 § 2, 2015.)

4.52.025 Director's authority.

No substantial edits are proposed in this section – only clean-up language.

- A. *General Authority.* The ~~D~~irector of the ~~e~~Community ~~d~~Development department is charged with the administration and enforcement of the provisions of this chapter.
- B. *Recording.* The ~~D~~irector is authorized to cause to be recorded, or to require the ~~O~~wner to record, in the real property records of the King County ~~department of records and elections~~ Recorder's Office, the MFTE ~~contract~~ Covenant with the ~~e~~City required under BCC [4.52.060\(f.A\)](#), and such other document(s) as will identify such terms and conditions of eligibility for exemption under this chapter as the ~~D~~irector deems appropriate for recording, including requirements under this chapter relating to affordability of units.
- C. *Power to Correct Errors.* The ~~D~~irector may at any time amend an administrative decision to correct 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 ~~D~~irector 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, Fees.* The ~~D~~irector may develop, adopt, and carry out procedures as needed to implement this code, including, but not limited to, setting fees and charges imposed pursuant to this code and developing procedures for periodic adjustment of these fees and charges.

(Ord. 6231 § 2, 2015.)

4.52.030 Residential targeted areas – Criteria – Designation – Rescission.

Individual RTAs are stricken. A single RTA is created, defined as all parcels in all land use districts in which multifamily dwellings are allowed.

- A. Following notice and public hearing as prescribed in RCW [84.14.040](#) (now or as hereafter amended), the eCity eCouncil may designate one or more ~~r~~Residential ~~t~~Targeted ~~a~~Areas, in addition to the area(s) stated in subsection [D](#) of this section, upon a finding by the eCity eCouncil in its sole discretion that the ~~r~~Residential ~~t~~Targeted ~~a~~Area meets the following criteria:
1. The ~~r~~Residential ~~t~~Targeted ~~a~~Area is within an urban center as defined by Chapter [84.14](#) RCW (~~now~~ or as hereafter amended);
 2. The ~~r~~Residential ~~t~~Targeted ~~a~~Area lacks sufficient available, desirable and convenient residential housing, including affordable housing, to meet the needs of the public who would be likely to live in the urban center if the affordable, desirable, attractive and livable residences were available; and
 3. Providing additional housing opportunity, including affordable housing, in the ~~r~~Residential ~~t~~Targeted ~~a~~Area will assist in achieving one or more of the following purposes:
 - a. Encourage increased residential opportunities within the eCity; or
 - b. Stimulate the construction of new affordable ~~m~~Multifamily ~~h~~Housing.
- B. In designating a ~~r~~Residential ~~t~~Targeted ~~a~~Area, the eCity eCouncil may also consider other factors, including:
1. Whether additional housing in the ~~r~~Residential ~~t~~Targeted ~~a~~Area will attract and maintain an increase in the number of permanent residents;
 2. Whether providing additional housing opportunities for low- and moderate-income households would meet the needs of citizens likely to live in the area if affordable residences were available;
 3. Whether an increased permanent residential population in the ~~r~~Residential ~~t~~Targeted ~~a~~Area will help to achieve the planning goals mandated by the Growth Management Act under Chapter [36.70A](#) RCW, as implemented through the eCity's comprehensive plan; or

4. Whether encouraging additional housing in the ~~¶~~Residential ~~¶~~Targeted ~~a~~Area supports plans for significant public investment in public transit or a better jobs and housing balance.

C. At any time, the ~~e~~City ~~e~~Council may, by ordinance, in its sole discretion, amend or rescind the designation of a ~~¶~~Residential ~~¶~~Targeted ~~a~~Area pursuant to the same procedural requirements in subsection ~~A~~A of this section for the original designation.

D. The following areas, ~~as shown in Maps 1 through 5 in this section,~~ meets the criteria of this chapter for ~~¶~~Residential ~~¶~~Targeted ~~a~~Areas and are designated as such: All parcels in all land use districts in which multifamily dwellings are allowed pursuant to Title 20 of the Bellevue Land Use Code, now or as hereafter amended, are designated as a single residential target area under this Chapter 4.52 BCC.

~~Bel-Red Area;~~

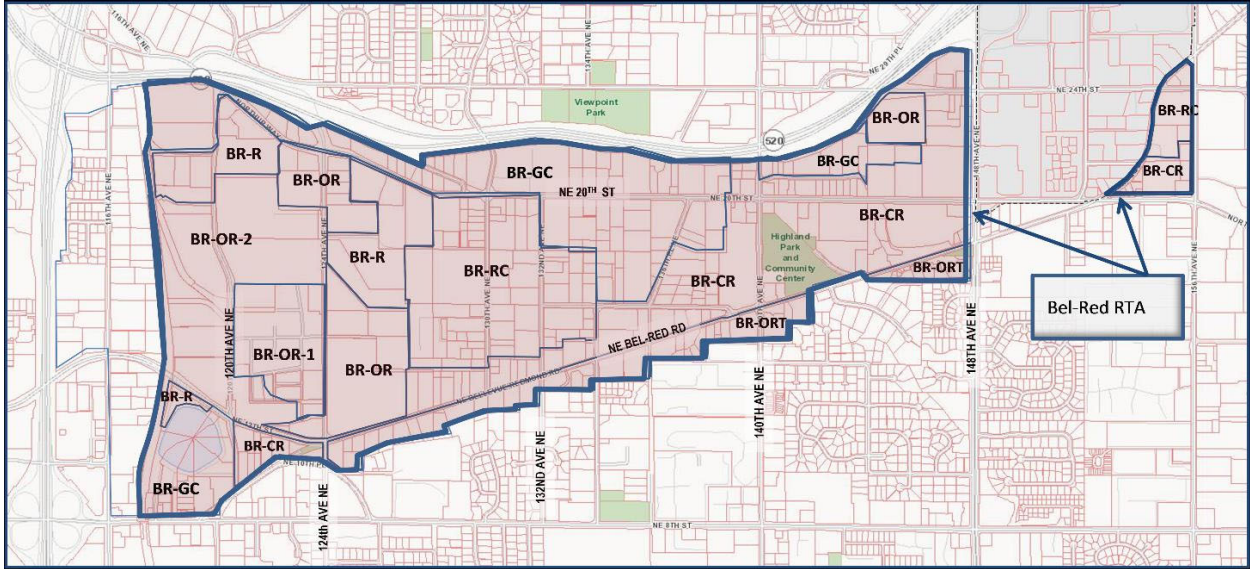
~~Downtown Bellevue Area;~~

~~Eastgate Planning Area;~~

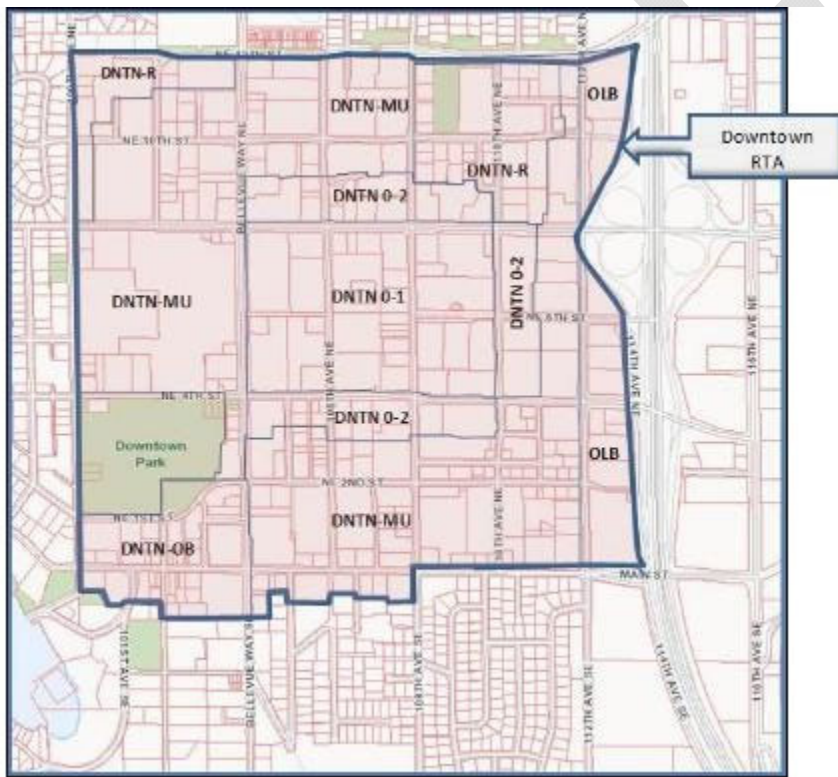
~~Crossroads Village Area;~~

~~Wilburton Commercial Area.~~

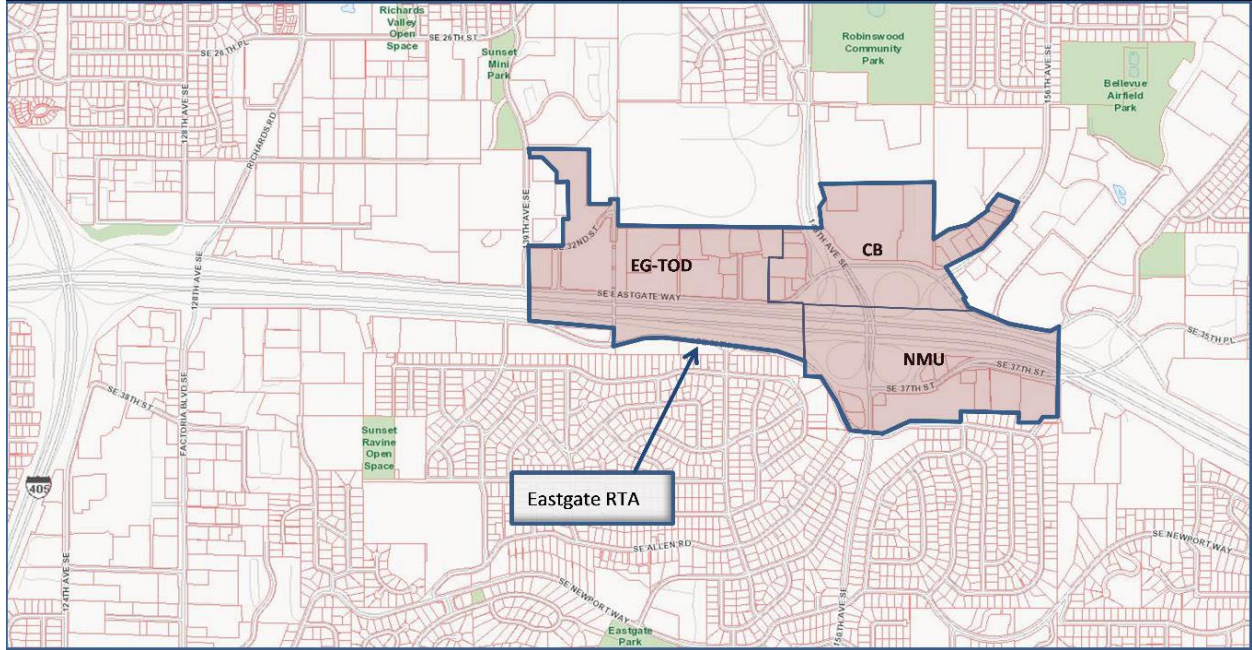
~~Map 1. Bel-Red Area~~



Map 2—Downtown Bellevue Area

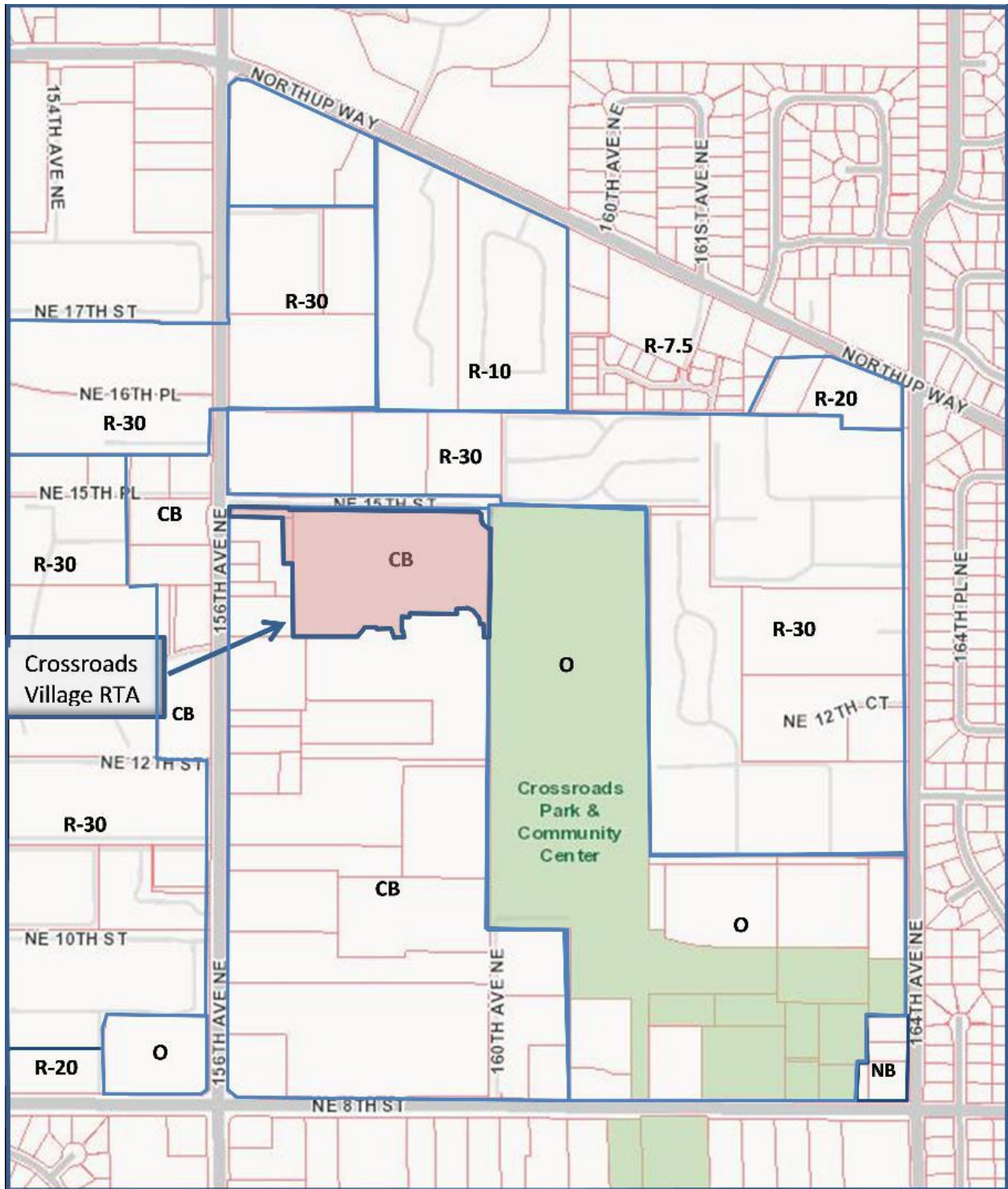


Map 3—Eastgate Planning Area

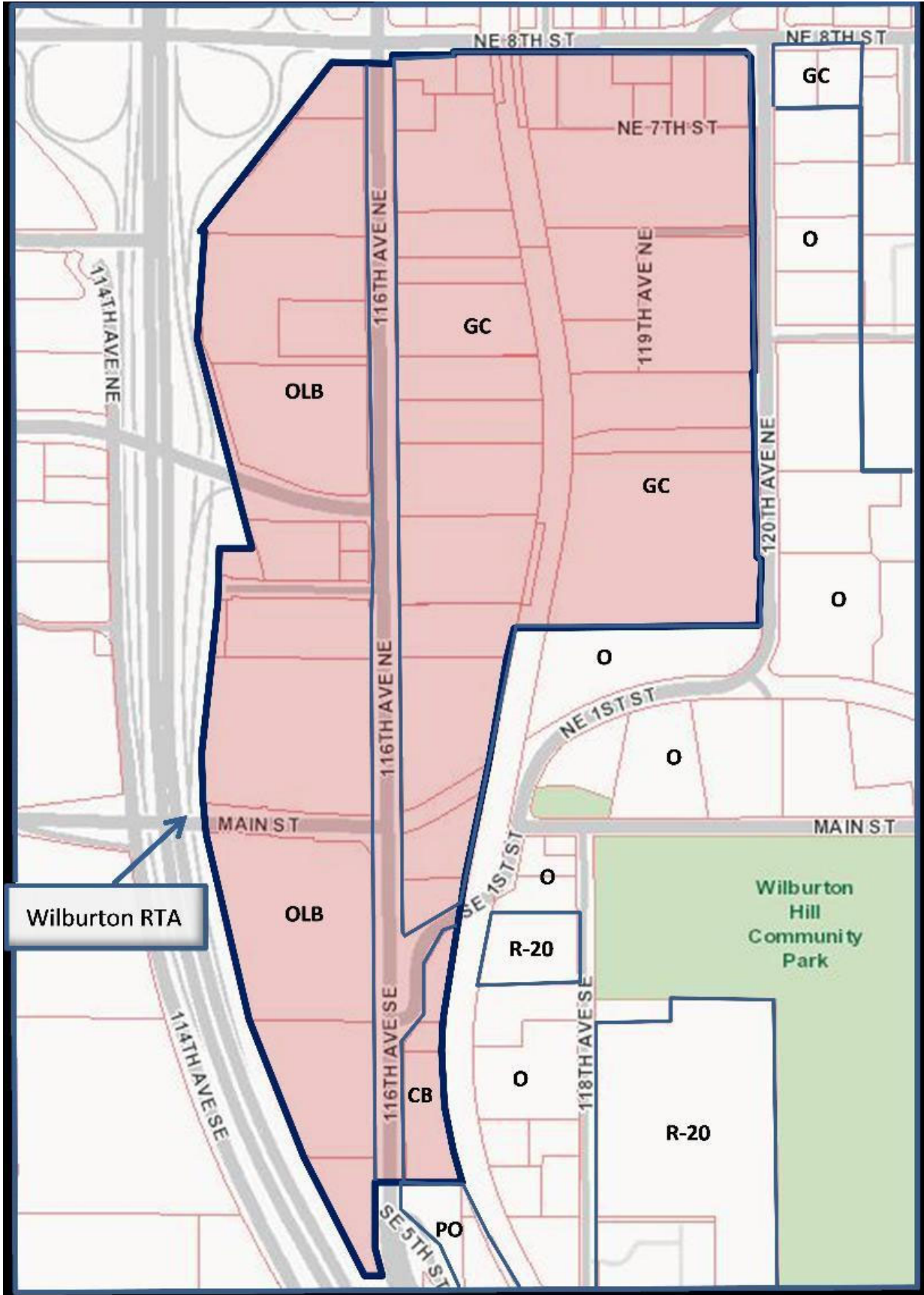


Map 4— Crossroads Village Area

DRAFT



Map 5. Wilburton Commercial Area



~~If a part of any legal lot is within a residential targeted area as shown in Maps 1 through 5 in this section, then the entire lot shall be deemed to lie within such residential targeted area.~~

(Ord. 6231 § 2, 2015.)

4.52.040 Project eligibility.

An exception is added to the family-sized requirement to reference the later section with its applicable alternatives.

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 ~~r~~Residential ~~t~~Targeted ~~a~~Area.
- B. The ~~p~~Project must be new construction multifamily rental housing consisting of at least four dwelling units within a residential structure 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 ~~p~~Permanent ~~r~~Residential ~~e~~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 ~~p~~Project as described in BCC [4.52.090](#).
- E. Prior to issuing a certificate of occupancy, the ~~e~~Owner shall record with the King County ~~department of records and elections Recorder's Office~~, an MFTE ~~e~~Covenant in a form acceptable to the ~~e~~City ~~a~~Attorney that addresses price restrictions, ~~e~~Eligible ~~h~~Household qualifications, long-term affordability, and any other applicable topics of the affordable ~~housing units~~. This MFTE ~~e~~Covenant shall ~~be a covenant running run~~ with the land and shall be binding on the assigns, heirs and successors of the ~~e~~Owner. Affordable ~~u~~Units that are provided under this section shall continue to be made available to ~~e~~Eligible ~~h~~Households as ~~a~~Affordable ~~u~~Units for a minimum of 12 years from the date of initial occupancy.
- F. ~~The project must have a~~ minimum of 15 percent of the ~~Project's~~ housing units ~~with must have~~ two or more bedrooms ~~unless the Project meets the criteria described in BCC 4.52.090.A.2.~~
- G. The mix and configuration of housing units (e.g., studio, one-bedroom, two-bedroom, etc.) used to meet the requirement for ~~a~~Affordable ~~u~~Units at each level of affordability under BCC [4.52.090](#) shall be substantially proportional to the mix and configuration of

the total housing units in the **p**Project unless otherwise approved by the **D**irector. The **a**Affordable **u**Units will be constructed of similar quality and similar finishes as the other units in the **p**Project.

- H. The **p**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 of new **m**Multifamily **h**Housing must be completed within three years from the date of approval of the application, or within an extension authorized under this chapter.

(Ord. 6231 § 2, 2015.)

4.52.050 Application procedure – Fee.

No substantial edits are proposed in this section – only clean-up language.

- A. The **e**Owner of property applying for exemption under this chapter shall submit an application to the **D**irector, on a form established by the **D**irector. The **e**Owner shall verify the application by oath or affirmation. The application shall contain such information as the **D**irector may deem necessary or useful, and shall include but not be limited to:
 - 1. A brief written description of the **p**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 **e**Owner acknowledging the potential tax liability when the property ceases to be eligible for exemption under this chapter; and
 - 3. Information describing how the **e**owner will comply with the affordability requirements in BCC [4.52.090](#).
- B. At the time of application under this section, the **e**owner shall pay to the **e**City an initial application fee as established by the **D**irector. In addition, at the time of application under this section, the **e**owner shall pay to the **e**City a fee as set by King County to cover the **e**County **a**ssessor's administrative costs. If the **D**irector approves the application pursuant to BCC [4.52.080](#), the **e**City shall forward the fee for the **e**County **a**ssessor's administrative costs to the county assessor. If the **D**irector denies the application pursuant to BCC [4.52.080](#), the **e**City shall refund the fee for the **a**ssessor's administrative costs to the **e**owner within 30 days of the **D**irector's decision, or in the event the **e**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 eOwner 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 eOwner 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 mMultifamily hHousing structure.
 1. The Director of eCommunity dDevelopment may allow an exception to BCC [4.52.0540\(.D\)](#), subject to the following criteria:
 - a. The pProject meets all other requirements established in BCC [4.52.040](#) for project eligibility; and
 - b. Commitment by the applicant to submit a complete application no less than 60 days prior to issuance of a certificate of occupancy for the pProject; and
 - c. ~~Submittal of t~~The application has substantial merit and value for the community as a whole.

(Ord. 6400 § 1, 2018; Ord. 6231 § 2, 2015.)

4.52.060 Application review – Issuance of conditional certificate – Denial – Appeal.

No substantial edits are proposed in this section – only clean-up language.

- A. The Director shall approve an application for tax exemption if the Director determines the pProject meets the eligibility requirements in BCC [4.52.040](#). If the application fails to meet the requirements of BCC [4.52.040](#) the Director must deny the application. If the application is approved, the eOwner shall enter into a MFTE Contract and Covenant with the eCity regarding the terms and conditions of the pProject and eligibility for exemption under this chapter. The Director's approval or denial shall take place within 90 days of the Director's receipt of the completed application. Following execution of the MFTE Contract and Covenant by the eOwner and the eCity, the Director shall issue a conditional certificate of

acceptance of tax exemption. The conditional certificate shall expire three years from the date of approval unless an extension is granted as provided in this chapter.

- B. If the application is denied, the Director shall state in writing the reasons for the denial and send notice of denial to the eOwner's last known address within 10 calendar days of the denial.
- C. An eOwner may appeal the Director's denial of the application in accordance with the provisions of BCC [4.52.115](#).

(Ord. 6231 § 2, 2015.)

4.52.065 Amendment of MFTE contract.

No substantial edits are proposed in this section – only clean-up language.

- A. An eOwner may seek an amendment of the MFTE Contract between the eOwner and the eCity 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 eContract between the eOwner and the eCity that are reasonably within the scope and intent of the MFTE eContract.
- C. Any eOwner seeking amendments to the approved MFTE eContract shall pay to the eCity an amendment application fee as established by the Director.
- 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.

(Ord. 6231 § 2, 2015.)

4.52.070 Extension of conditional certificate.

No substantial edits are proposed in this section – only clean-up language.

- A. The Director may extend the conditional certificate for a period not to exceed 24 consecutive months. The eOwner shall submit a written request stating the grounds for the extension together with a fee as established by the Director. 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 eOwner;
2. The eOwner 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 eContract between the eOwner and the eCity will be satisfied upon completion of the pProject.

(Ord. 6231 § 2, 2015.)

4.52.080 Final certificate – Application – Issuance – Denial and appeal.

No substantial edits are proposed in this section – only clean-up language.

- A. Upon completion of the ~~new construction~~Project as provided in the MFTE eContract between the eOwner and the eCity, and upon issuance of a certificate of occupancy, the eOwner may request a final certificate of tax exemption. The eOwner 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 ~~m~~Multifamily ~~h~~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 eOwner's compliance with the affordability requirements in BCC [4.52.090](#).
- 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 eContract 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 pProject has been completed in accordance with the MFTE eContract between the City and eOwner, and with subsection [A](#) of this section, the eCity 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 eOwner in writing that the eCity 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 eOwner's property is not otherwise qualified under this chapter or if the eOwner 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 eOwner may file a notice of appeal with the eCity eClerk 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 eCity's Hearing Examiner pursuant to BCC [4.52.115](#).

(Ord. 6231 § 2, 2015.)

4.52.090 Exemption – Duration – Affordability requirements – Limits.

References to previous RTAs have been stricken. Requirements around very small units (45% AMI for those under 300SF) are retained.

The new RTA defined above is given a baseline affordability level of 80% AMI for 20% of units.

Alternatives to the family-sized unit requirement are provided. Either deeper affordability (10% deeper affordability, except in the case of the very small units) or more units (25% of the project's units) would be required.

15% AMI deeper affordability is required for units that are overlapped/layered with Land Use Code incentive units. An example of this is given, where 65% AMI is required where those MFTE units would otherwise be affordable at 80% AMI

Additional detail is provided regarding the distribution of units throughout multiple buildings or floors of a building, consistent with existing code, contract, and covenants.

- ~~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).~~

~~e. 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.~~

A. The value of new Multifamily Housing construction 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, and provided the following affordability requirements are satisfied:

1. Except as provided in BCC 4.52.090.A.2 and BCC 4.52.090.A.3 below, a minimum of 20 percent of the Project's total units must be Affordable Units with Affordable Rents as follows:

a. Any dwelling unit that is 300 square feet or less shall be categorized as a very small dwelling unit. Any Affordable Unit that is a very small dwelling unit shall have an Affordable Rent at or below 45 percent of the King County Median Income, adjusted for household size.

b. 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.

Unless otherwise stated, nothing in this section shall relieve the Owner of complying with the eligibility requirements in BCC 4.52.040.

2. 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:

a. 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

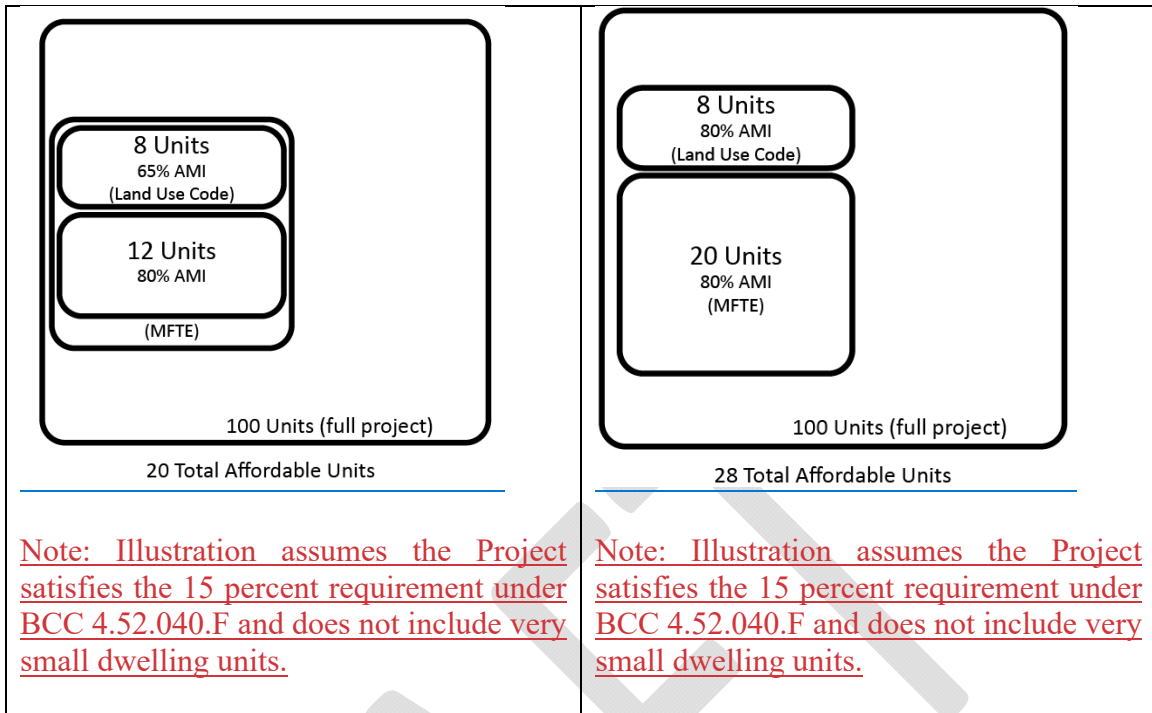
b. A minimum of 20 percent of the Project's total units are Affordable Units and shall have Affordable Rents at or below 70 percent of the King County Median Income, adjusted for household size; except any Affordable Units having two or more bedrooms shall remain at or below 80 percent of the King County Median Income, adjusted for household size.

Nothing in this section shall relieve the Owner of the affordability requirements for very small dwelling units under BCC 4.52.090.A.1.

3. 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:

- a. 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 BCC 4.52.090.A.1. Thus, by example, when a Project overlaps an MFTE unit as described in BCC 4.52.090.A.1.b 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
- b. 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.
- c. Illustration:

<u>Overlap</u>	<u>No Overlap</u>
<p><u>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 two 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.</u></p>	<p><u>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.</u></p>



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

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.
- b. The mix, configuration and size of Affordable Units at each affordability level shall be substantially proportional to the mix, configuration and size of the total housing units in the Project unless otherwise approved by the Director.
- c. Affordable Units will be reserved for occupancy by Eligible Households who 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 as set forth in the MFTE Covenant referenced in BCC 4.52.040.E.
- d. When the Project contains more than one building or multiple floors, all of the Affordable Units required by this chapter may not be located in the same building or on the same floor. The Affordable Units shall be interspersed with all other dwelling units within the Project.
- e. 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.

(Ord. 6400 § 2, 2018; Ord. 6231 § 2, 2015.)

4.52.095 Rent Stabilization.

This is a new section. This caps annual rent increases for MFTE tenants remaining in the same-sized unit in the same project at 3% per year.

An allowance to catch up affordable rents is included, allowing increases of up to 3% per year until the baseline HUD levels are reached is included.

For the duration of any exemption authorized under this chapter, any rent increase for any existing tenant remaining in the same Affordable Unit, or similar sized unit within the same project, shall not exceed 3 percent in any given year as described herein:

- A. When the King County Median Income increases by more than 3 percent in a given year, the Project shall be permitted to increase Affordable Rents up to 3 percent that year.
- B. When King County Median Incomes increase by 3 percent or less in a given year, the Project shall be permitted to increase Affordable Rents by (i) the amount of the corresponding increase in median income; or (ii) 3 percent, to allow the Project's Affordable Rents to begin to catch up with King County Median Income calculations after having been capped due to conditions set forth in BCC 4.52.090.A. Under no circumstance may Affordable Rents exceed the current King County Median Income calculation.

The provisions of this subsection shall not apply to new tenants that move into Affordable Units, or current tenants who move into a different sized Affordable Units. In such an event, the rent and income qualifications shall be calculated based on the current, applicable King County Median Income at the time a lease agreement is executed.

4.52.97 Parking.

This is a new section. This requires, moving forward, that MFTE tenants outside of Downtown be offered a 30% discount on parking rental costs. These spaces must be offered on a first-come, first-served basis.

- 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. 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.
 - b. 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.
 - c. Any discounted parking space provided to a tenant in an Affordable Unit shall be non-transferable.
 - 2. Eligible projects located in the Downtown Land Use District, as described in Part 20.25A of the Bellevue Land Use Code, are exempt from the discount requirement described above, given their proximity to high frequency transit, employment, and social/cultural centers.

4.52.100 Annual certification.

No substantial edits are proposed in this section – only clean-up language.

- A. A property that receives a tax exemption under this chapter shall continue to comply with the MFTE eContract 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 eCity filed the final certificate of tax exemption and each year for the tax exemption period, the property owner shall file a certification with the Deirector, verified upon oath or affirmation, which shall contain such information as the Deirector 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 eContract and Covenant with the eCity 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 eOwner's compliance with the affordability requirements of BCC 4.52.090;
5. The total monthly rent of each unit;
6. For the affordable rental 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 pProject; and
8. Any additional information requested by the eCity in regard to the units receiving a tax exemption (pursuant to meeting any reporting requirements under Chapter 84.14 RCW).

(Ord. 6231 § 2, 2015.)

4.52.110 Cancellation of exemption.

No substantial edits are proposed in this section – only clean-up language.

- A. The Director may cancel the tax exemption if the property owner breaches any term of the MFTE eContract, 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 210 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 mMultifamily hHousing to another use. The eOwner shall notify the Director and the eCounty aAssessor 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. Noncompliance with BCC [4.52.090](#) for Affordable Units. In the event an Affordable Unit is rented to a household other than an Eligible Household, or at a rental rate greater than prescribed in the MFTE Covenant referenced in BCC [4.52.040.\(E\)](#), the property tax exemption for the property shall be canceled pursuant to this section.

4.5. Any noncompliance with BCC 4.52.095 and BCC 4.52.097.

- 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.

(Ord. 6231 § 2, 2015.)

4.52.115 Appeals to Hearing Examiner.

No substantial edits are proposed in this section – only clean-up language.

- A. *Appeal.* An Owner aggrieved by the Director's denial of an application, final certification, or cancellation of an exemption under this chapter shall have the right to appeal to the Hearing Examiner. Except as noted in subsection B of this section, the appeal shall be processed under Process II, LUC [20.35.200](#) et seq. Failure to follow the appeal procedures in this section and LUC [20.35.200](#) et seq. shall preclude the Owner's right to appeal. For any appeal related to BCC [4.52.060.\(C\)](#), the Hearing Examiner's decision on appeal is final.
- B. *Time and Place to Appeal.* The written statement required under LUC [20.35.250.\(A\).\(2\)](#), and the appeal notification form, and the appeal fee, if any, must be received by the City Clerk no later than 5:00 p.m. on the thirtieth day following the date on which the Director's determination was mailed to the Owner.
- C. *Merger.* When an appeal under this chapter is associated with a land use permit application, the appeal will be heard with any appeal on the land use application as required under LUC [20.35.085](#). Any consolidated appeal will be processed in accordance with LUC [20.35.085](#).

D. *Judicial Review of Hearing Examiner Decision.* For appeals related to BCC ~~4.52.080.(E)~~ and ~~4.52.110.(B)~~, the decision of the ~~H~~earing ~~E~~xaminer may be appealed to the ~~S~~uperior ~~C~~ourt of King County by the appellant ~~e~~Owner or by the ~~D~~irector by filing a proper request for a writ of review with the ~~S~~uperior ~~C~~ourt. A request for a writ of review must be filed within 30 calendar days following the date that the decision of the ~~h~~earing ~~e~~xaminer was mailed to the parties. Review by the ~~S~~uperior ~~C~~ourt shall be on, and shall be limited to, the record on appeal created before the ~~h~~earing ~~E~~xaminer.

(Ord. 6231 § 2, 2015.)

4.52.120 Annual reporting.

No substantial edits are proposed in this section – only clean-up language.

- A. If the ~~e~~City issues tax exemption certificates pursuant to this chapter, the ~~D~~irector shall submit the report required by RCW ~~84.14.100~~ to the Department of Commerce by December 31st of each year.
- B. ~~Annually, beginning in 2016, t~~The ~~D~~irector or designee shall review the program established by this chapter and provide a report to the ~~e~~City ~~e~~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. These reports may include recommendations on whether any ~~r~~esidential ~~t~~argeted ~~a~~reas should be added or removed, whether affordability limits should be changed in certain areas. The annual report shall be submitted to the ~~e~~City ~~e~~Council no later than March 30th of the following calendar year.

(Ord. 6231 § 2, 2015.)

4.52.130 Expiration of program.

Repealed by ~~Ord. 6480~~.

4.52.140 Conflicts.

No substantial edits are proposed in this section – only clean-up language.

If a conflict exists between the provisions of this chapter or between this chapter and the laws, regulations, codes or rules promulgated by other authority having jurisdiction within the ~~e~~City, the requirement that best advances the purposes set forth in BCC ~~4.52.010~~ shall be applied,

except when constrained by federal or state law, or where specifically provided otherwise in this chapter.

(Ord. 6231 § 2, 2015.)

4.52.150 Severability.

No edits are proposed in this section.

The provisions of this chapter are severable. If any provision of this chapter or its application to any person or circumstance is held invalid, the remainder of this chapter and its application are not affected and will remain in full force and effect.

(Ord. 6231 § 2, 2015.)

DRAFT