



Multifamily Tax Exemption

Program Update Public Hearing

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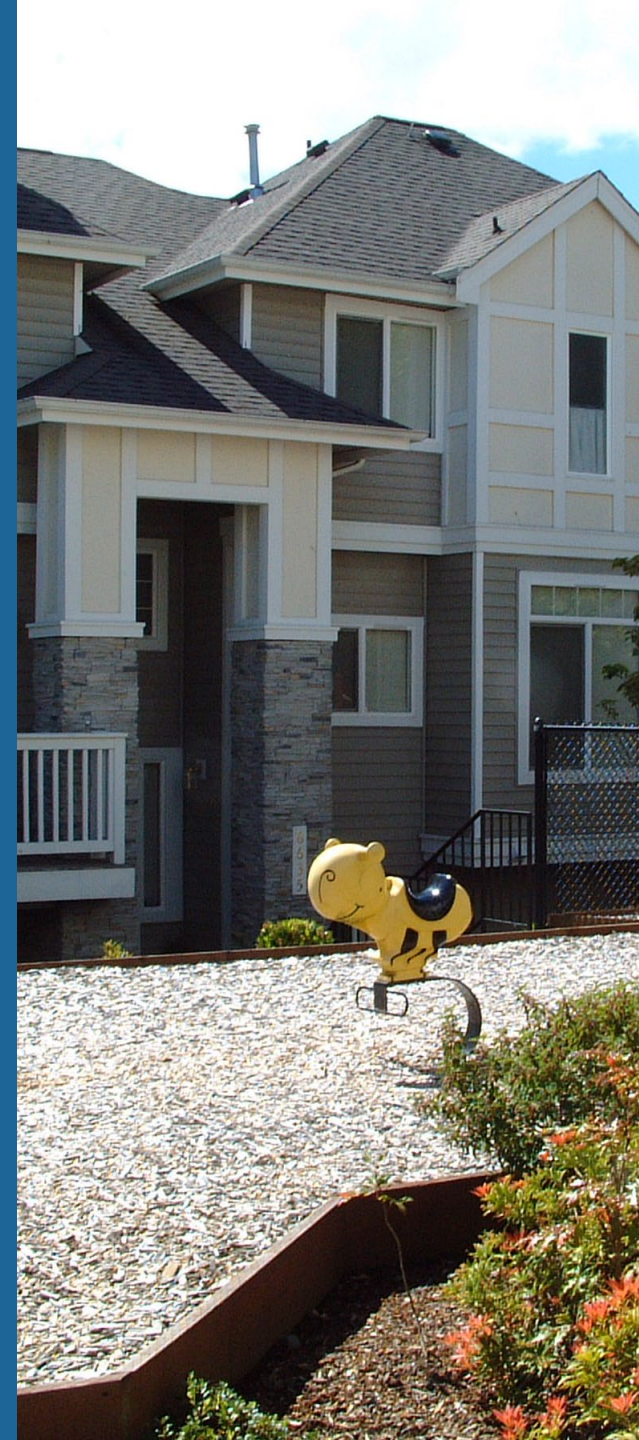
Community Development

June 28, 2021



Direction

Hold the public hearing and adopt the Ordinance amending Chapter 4.52 of the Bellevue City Code.





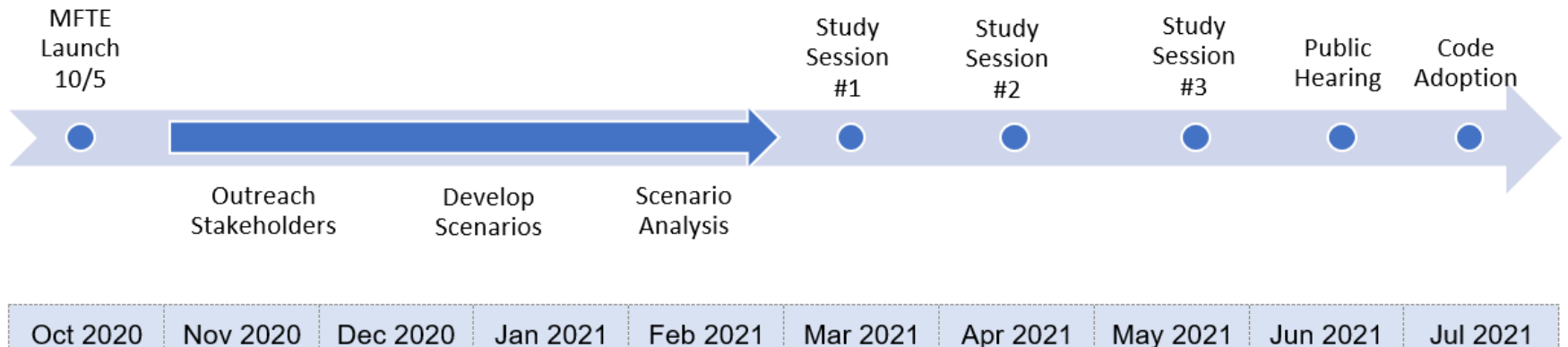
Agenda

1. Schedule Overview
2. Outreach Summary
3. Program Update Summary
 1. Existing Program
 2. Affordability Levels
 3. Family-sized Unit Alternative
 4. Program Overlap
 5. New Tenant Benefits
4. Implementation Plan



Schedule Overview

- MFTE update was launched to increase program utilization and resulting creation of affordable units
- Public hearing is required on geographic expansion and is taking place today
- Code adoption could occur today or in July if changes are proposed today



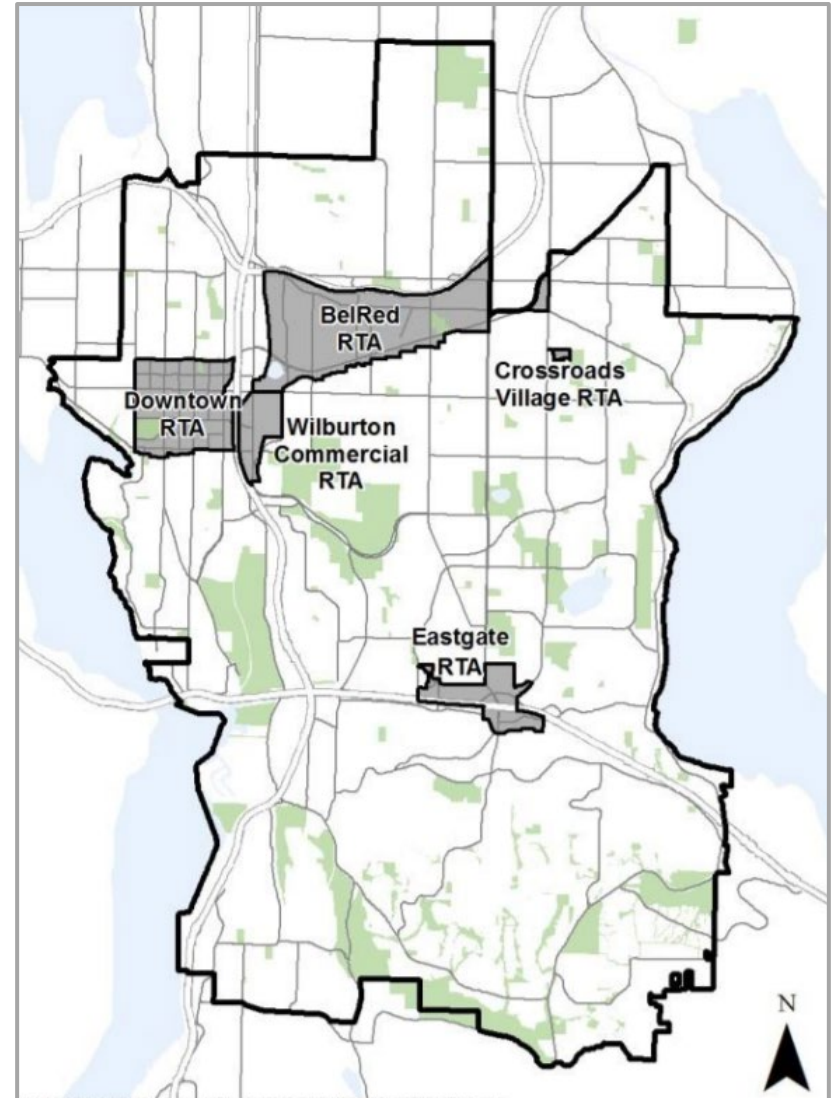


Outreach Summary

Stakeholder	Outreach Type/Quantity	Discussion Focus
Developers working on Projects in Bellevue (past-future)	21 of 32 projects	Why did not or will not use MFTE
Bellevue Chamber (PLUSH Committee)	Monthly (or more frequent) meetings	Financial impacts of policy decisions, collaborative financial model development, potential program update details
Housing Development Consortium	Several emails and phone calls	Tenant needs, general program discussion
Bellevue Downtown Association	4 meetings	General update direction and policy feedback on affordability levels and unit sizes

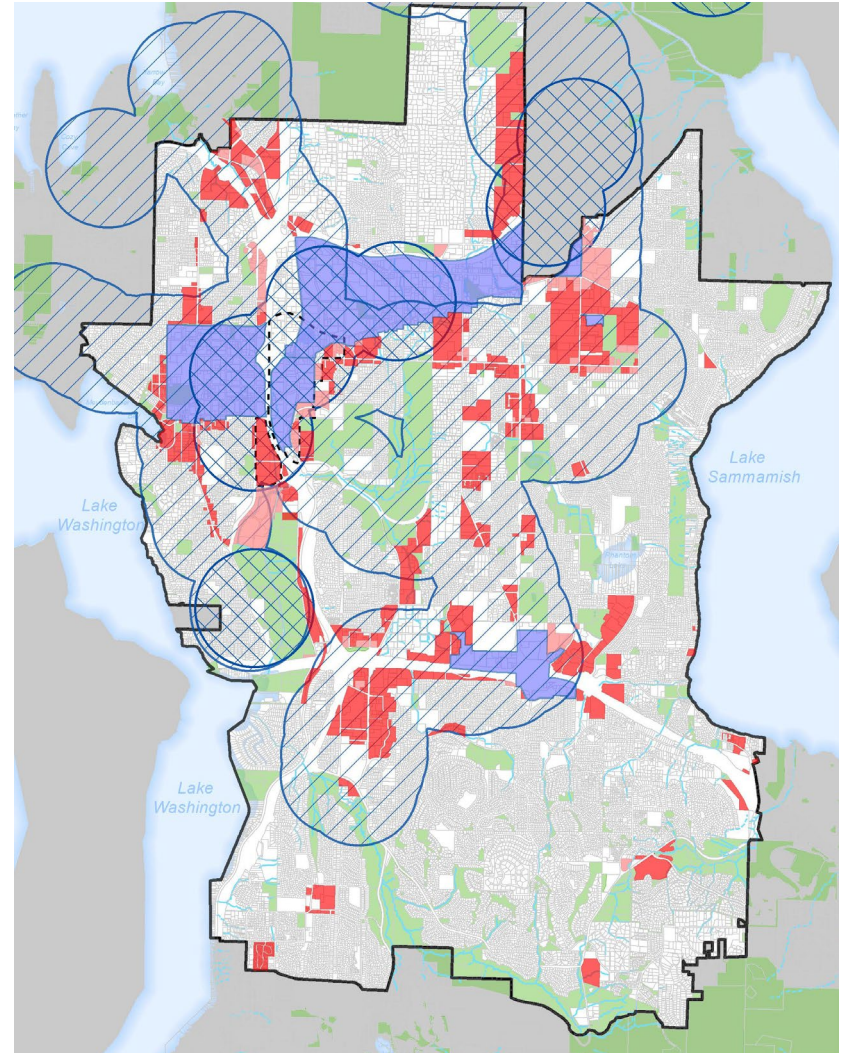
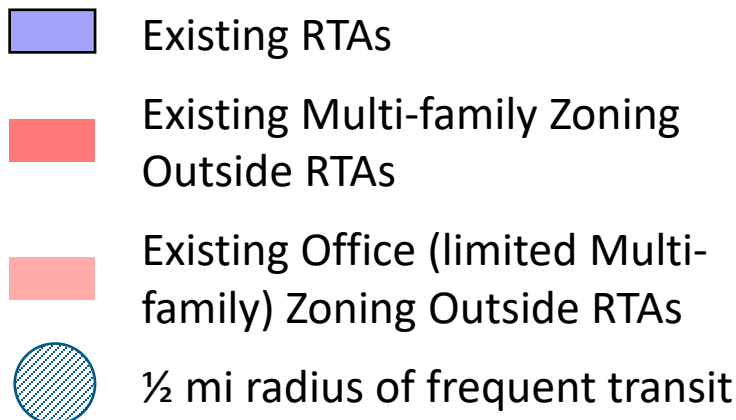
Existing Program Overview

- Proposed not to change:
 - 12 year residential tax exemption in exchange for affordability of 20% of units
 - Affordable units under 300sf must be offered at 45% AMI
 - Allows overlap/layering with Land Use Code incentive programs
- Proposed to change:
 - 50-70% AMI based on RTAs shown at right
 - All projects must include 15% of units at 2+ bedrooms
- Other alterations are proposed as follows



Updated Affordability levels

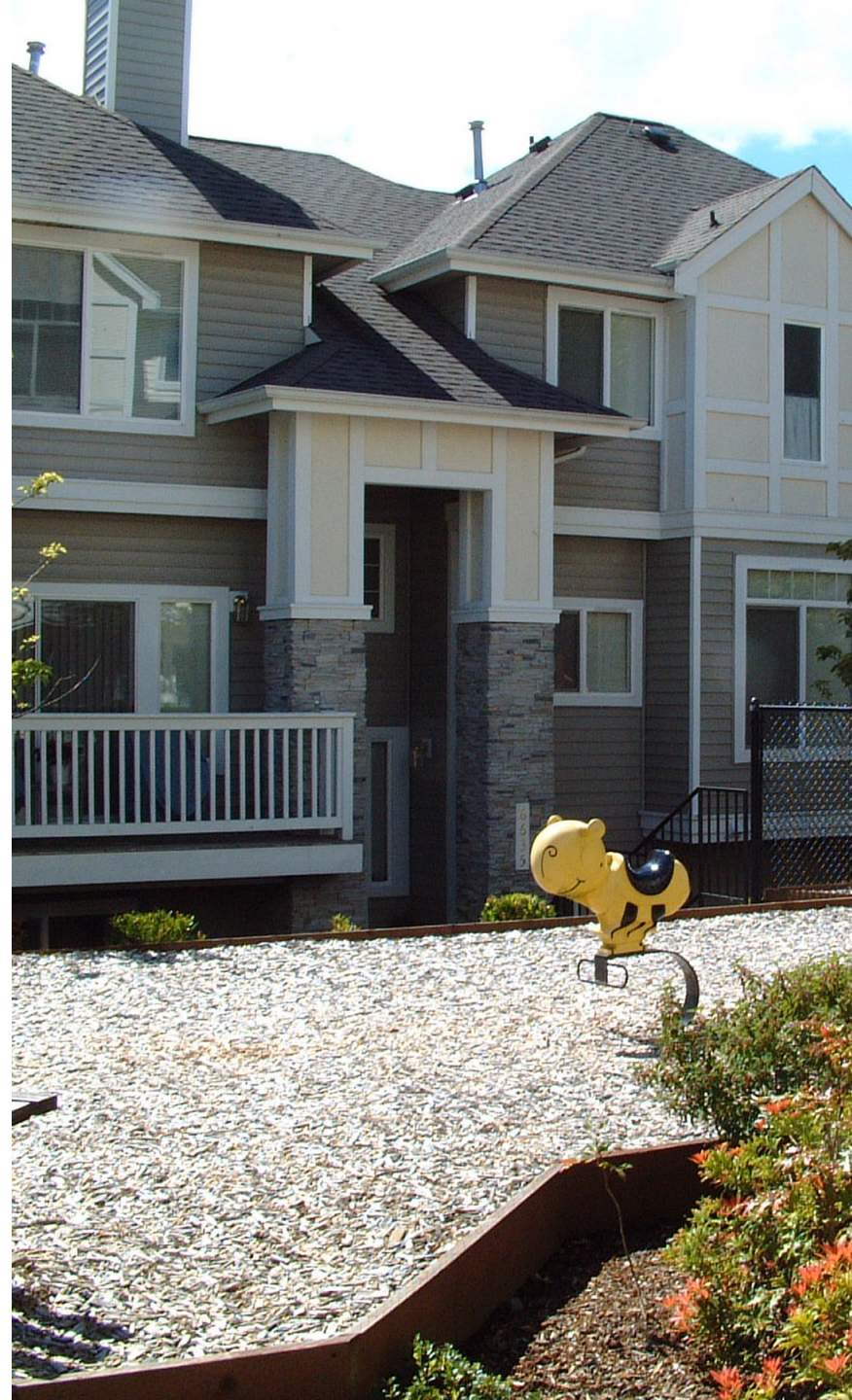
- Single RTA: All areas zoned for multifamily uses qualify for use of MFTE (current shown at right)
- 80% AMI baseline
- 15% AMI deeper (65% AMI) for units double-counted with Land Use Code incentives



Family-sized Units

15% of units at 2 bedrooms or larger required unless developer chooses one of the below:

1. Offer more units (25% of units at 80% AMI baseline)
2. Offer deeper affordability (20% of units at 70% AMI baseline, applying only to studios and 1-bedrooms)



New Tenant Benefits

- Offer a 30% discount on parking stalls purchased by affordable tenants
- Limits unexpectedly large rent hikes by capping rent increases for renewing MFTE tenants to 3% annually
- Allows for “catching up” by permitting up to 3% increases in years with smaller increases (up to standard affordable rent)



Implementation Plan

- Update website and developer packet materials
- Create developer messaging materials for all affordable housing incentives and
- Create proactive process for contacting upcoming projects
- Monitor and report back on program performance metrics
- Amend BCC 4.52, boilerplate contract and covenant
- Determine administrative cost impacts





Direction

Hold a public hearing on the MFTE Program Update. Direct staff regarding proposed amendments to Chapter 4.52 and to bring back the required ordinance for adoption.

