



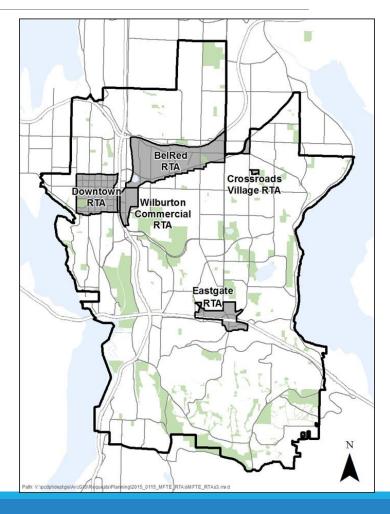
Multifamily Tax Exemption Program



Bellevue City Council Study Session
January 8, 2018

November 13 Study Session

- MFTE overview
 - Permit history
 - Developer interviews
 - Feasibility analysis
- Recommendations
 - Adjust MFTE requirements downtown only





City Council direction

- Graduated affordability approach, as used in Seattle
- Feasibility for development of twobedroom MFTE units
- Additional items:
 - timing of MFTE application
 - Reference to King County administrative fees





Graduated affordability approach

 Graduated affordability requirements correspond to the size of the rental unit

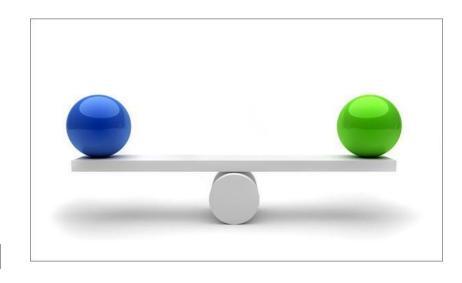
	Studio	1	2
		bedroom	bedroom
Seattle	65%	75%	85%
Alternative			
Downtown RTA	60%	70%	80%
Other RTAs	55%	65%	75%

 Seattle staff believe effect on 2-bedroom units is not significant



Feasibility analysis findings

- Using Seattle
 affordability levels in
 Bellevue results in high
 public cost compared to
 public benefit
- Using alternative affordability levels results in more balanced public cost and benefit



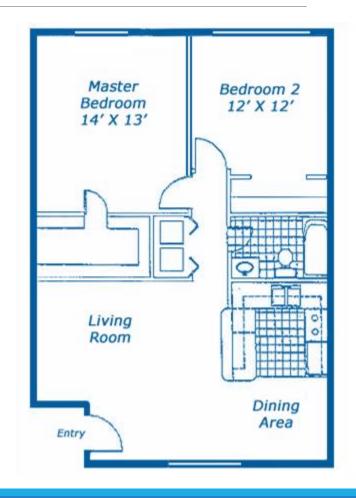


Comparison of approaches

Graduated affordability	Single affordability level	
No observable impact on 2- bedroom housing production	No impact on 2-bedroom housing production	
Relatively more complex approach	Relatively simpler approach	
Differs from current MFTE structure	Matches current MFTE structure	

Two-bedroom units

- Seattle
 - Graduated affordability
 - Incentive provisions
 - Staff report no noticeable change
- Bellevue
 - 15% requirement
 - Consistent with market to date





MFTE housekeeping items

MFTE application timing

 Potential for administrative discretion for flexibility subject to specific criteria

King County administrative fee

Update language





Council direction requested

- Amend MFTE requirement for affordable units in Downtown
 - 20% of units affordable to household incomes at 70% of median
- Allow for consideration of submittal of application after first building permit
- Revise reference to King County administrative fee



