



Multifamily Tax Exemption Program

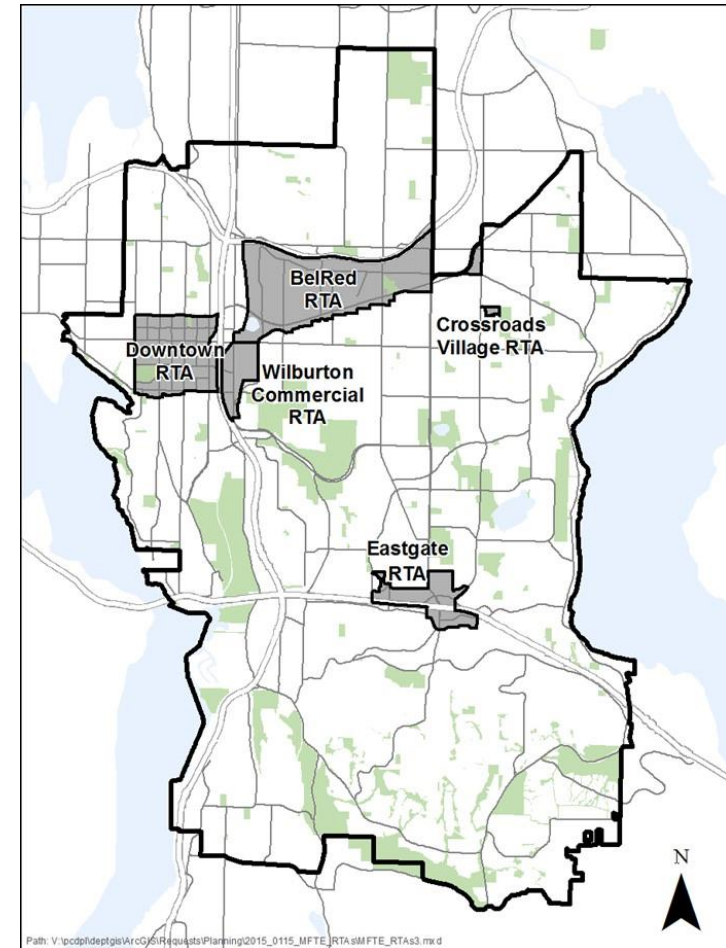


Bellevue City Council Study Session

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 two-bedroom MFTE units
- Additional items:
 - timing of MFTE application
 - Reference to King County administrative fees



Graduated affordability approach

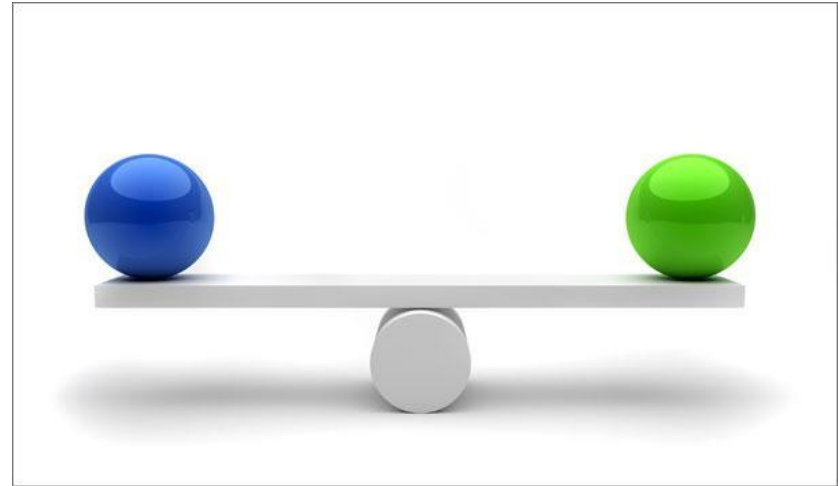
- Graduated affordability requirements correspond to the size of the rental unit

	Studio	1 bedroom	2 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

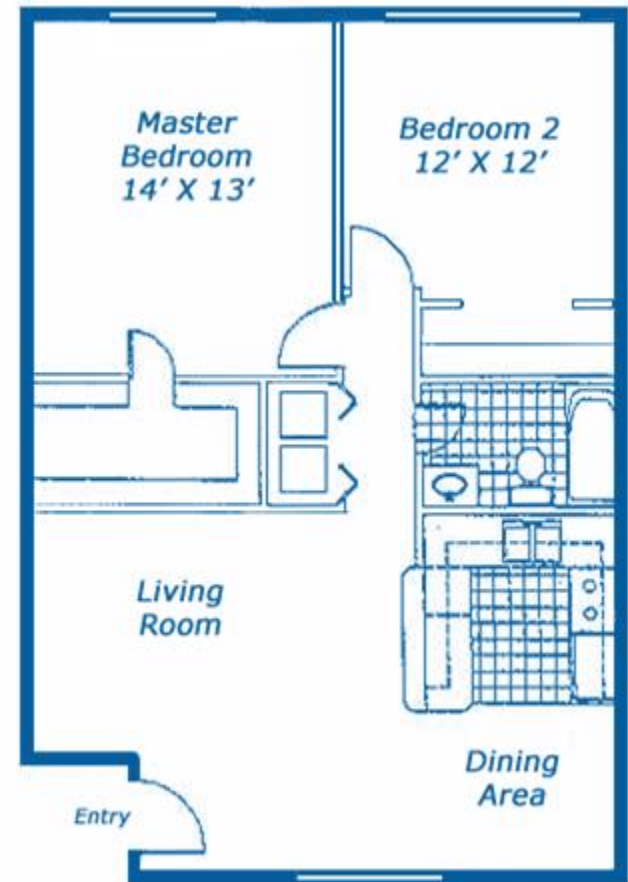


Comparison of approaches

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



Tick Tock!

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

