

PROGRAM SUMMARY
MULTIFAMILY HOUSING PROPERTY TAX EXEMPTION PROGRAM
CITY OF BELLEVUE

This summary reviews all forms necessary to apply for the Conditional Certificate, Final Certificate, and Annual Certification for the Multifamily Housing Property Tax Exemption. For complete information on this tax exemption program, you may refer to Chapter 4.52 of the Bellevue City Code (BCC). If you have questions about this program, please contact Terrell Edwards at A Regional Coalition for Housing (ARCH) 425-553-1257, tedwards@bellevuewa.org (detailed program and application process questions); or Hannah Bahnmitter at the City of Bellevue 425-229-6510, HBahnmitter@bellevuewa.gov (general program questions or feedback).

I. Approval Process

A. The first formal step is to submit an application for a Conditional Certificate of Acceptance of Tax Exemption, prior to 60 calendar days after the date the building permit is issued. However, an application may be accepted more than 60 calendar days after issuance of the first building permit if approved by the Director.

- See “Application Checklist: Conditional Certificate” and “Application: Conditional Certificate”.

B. If the city’s Community Development Director approves the application, ARCH will prepare a contract between the city and the applicant, spelling out the terms and conditions of the project and eligibility for the tax exemption, including requirements relating to affordability of units. The terms and conditions of the MFTE contract shall be consistent with provision of chapter 4.52 BCC and any administrative rules or policies as may exist upon submission of a complete application.

C. Prior to receiving a Certificate of Occupancy, the applicant will be required to sign and record a Regulatory Agreement (also prepared by ARCH) as a covenant on the land that addresses price restrictions, eligible household qualifications, long-term affordability, and other matters necessary to administer the affordable housing. The city strongly advises applicants not to pre-lease any market-rate or affordable units before this covenant has been executed; the covenant must ensure provision of affordable housing as provided in Chapter 4.52 BCC and the project must conform to the covenant.

D. Following the execution of the contract and recording of the covenant referenced above, the City will issue a Conditional Certificate of Tax Exemption. The applicant must retain availability of the appropriate mix of affordable units for income-restricted tenants.

E. A property owner may apply to the city for a Final Certificate after receiving a Certificate of Occupancy. Applicants are required to provide information as the city may find necessary or useful to evaluate eligibility. If affordable units are leased in conflict with the contract, covenant, or Chapter 4.52 BCC, the city will not issue a Final Certificate. The tax exemption takes effect on January 1 following approval of a Final Certificate of Tax Exemption.

- See “Application Checklist: Final Certificate” and “Application: Final Certificate.”

F. Property owners must file annual certifications for the duration of the tax exemption period. If another Regulatory Agreement requires affordability for a longer period than the tax exemption period—because the project also benefits from other incentives—the owner must continue annual certification required under that Regulatory Agreement until that Regulatory Agreement expires. Applicants are required to provide information as the city may find necessary or useful to evaluate eligibility.

- See “Annual Certification” form.

G. The property tax exemption does not apply to the value of land or to the value of improvements related to non-residential uses. The exemption only covers the value of new residential improvements included with the approved application.

II. Project Requirements.

A. Located within a land use district in which multifamily dwellings are allowed pursuant to Title 20 of the Bellevue Land Use Code, per BCC 4.52.030.

B. Consists of at least four (4) new multi-family dwelling units with a minimum of 50% of proposed multi-family residential or mixed-use space for permanent residential occupancy.

C. No net loss of affordable housing units which receive housing assistance through federal housing programs (e.g. Section 8).

D. Provides a prescribed amount of affordable housing. See BCC 4.52.090, summarized in the table below, for minimum requirements:

Conditions		Minimum Affordability Required for 12-Year Tax Exemption
Baseline Requirements	At least 15% of units are two-bedrooms or larger	<ul style="list-style-type: none"> • 20% of all dwelling units in the project affordable to household incomes 80% or less of the King County median income, adjusted for household size. • Any unit of 320 SF or less must be affordable to household incomes 50% or less of the King County median income.
	Fewer than 15% of units are two-bedrooms or larger	<ul style="list-style-type: none"> • Choose one of the following: <ol style="list-style-type: none"> 1. 25% of all dwelling units in the project affordable to household incomes 80% or less of the King County median income, adjusted for household size. <u>OR</u> 2. 20% of all dwelling units in the project affordable to household incomes 70% or less of the King County median income for studios and one-bedrooms; and at 80% or less of the King County median income for two-bedrooms or larger. • Any unit of 320 SF or less must be affordable to household incomes 50% or less of the King County median income.

Additional Requirement	Projects utilizing other affordable housing incentives	<ul style="list-style-type: none"> • Choose one of the following: <ol style="list-style-type: none"> 1. Do not overlap units – 20% of units must be utilized only for MFTE. Any other affordable units through other incentives must be in addition to these requirements. The baseline requirements above apply. <u>OR</u> 2. Overlap units – units used to satisfy the affordability requirements of another incentive may be a subset of the 20% of units used to satisfy MFTE. Those double-counted units must be offered at 15% AMI lower than they otherwise would be offered under the baseline requirements above (does not apply to units under 320 SF in size); unless more restrictive criteria is prescribed under other affordable housing incentive programs.
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E. The mix and configuration of housing units (e.g., studio, one-bedroom, two-bedroom, etc.) used to meet the requirement for affordable units are substantially proportional to the mix and configuration of the total housing units in the project.

F. Complies with all building codes, zoning codes and other applicable regulations.

G. A tax exemption contract between the owner and the city agreeing to the conditions of the project.

H. A regulatory agreement between the owner and the city recorded as a covenant on the property.

I. Construction completed within three (3) years from the date of approval of the conditional certificate (unless an extension is approved by the city, see BCC 4.52.070).

J. In the event of conflict between the forms used to apply for the tax exemption and any applicable law, including but not limited to Chapter 4.52 BCC and Chapter 84.14 RCW (state law), state law will control.