



The Honorable Gerry Pollet  
State Representative  
132C Legislative Building  
PO Box 40600  
Olympia, WA 98504

Dear Representative Pollet,

I am writing to address the concerns you expressed in your email to the Seattle City Council regarding House Bill 2544 (SB 6239), the Preservation Tax Exemption (PTE). I am disappointed that you are raising these concerns now, especially given that you are a co-sponsor. The bill was introduced nearly a month ago and was developed through a long-term, collaborative process and has been endorsed by a wide range of groups detailed on the attached list. Your concerns appear largely to be based on misinformation, which I will address in more detail below.

The PTE proposal came out of the nine month Housing Affordability and Livability Agenda (HALA) process to serve a particular segment of very low-income tenants. This bill is aimed at creating 2,000-3,000 units of affordable housing in Seattle, as part of a plan to develop 20,000 affordable housing units in the next 10 years. Although the idea came out of the HALA process, the proposal was designed to work as a tool for communities around the State (and has been endorsed by the mayors of Auburn, Bothell, Edmonds, Kirkland, Lake Forest Park, Lynnwood, Mercer Island, North Bend, Redmond, Renton, Snoqualmie, and Tukwila).

Your email expresses a concern that the bill fails to include "strong auditing provisions" to ensure that landlords using the tax incentives actually provide affordable housing. But that is simply incorrect. Section 15 of the bill includes significant auditing measures by requiring an annual report from landlords that would include annual income certification for tenants living in low-income units. Further, if property owners fail to comply with the certification and affordability provisions or health and safety requirements, section 16 of the bill allows cities to cancel a property's tax exemption and impose a substantial penalty of all back taxes owed (going back to the start of the exemption), interest, and a twenty percent penalty. The bill also requires that properties meet a high health and safety quality standard in order to participate in the program (Section 3(3)), and it includes language to allow local jurisdictions to create additional local rules to meet local needs.

I am surprised that you expressed this concern given that the bill contains these clear accountability provisions. It is my understanding that you have been following this issue closely and even suggested accountability provisions much like the ones in the PTE bill earlier in the process. I am particularly confused because your email suggests that "the King County Auditor's proposed bill has some strong language" on this subject, while you think the PTE bill does not. I assume that you mean the King County Assessor, not the Auditor, because to our knowledge the Auditor has made no proposal on this issue. As to the Assessor's proposed bill, I fail to see how the language contained in it is stronger

than the language contained in HB 2544. Could you please clarify what sections of the Assessor's proposed bill you are referencing and how it is stronger than the language provided in this bill?

You also expressed a concern about ensuring that landlords accept Section 8 vouchers. As you should know, the City of Seattle fully supports statewide legislation to prohibit Source of Income Discrimination, including discrimination based on the use of Section 8 vouchers. And, as you should also know, Seattle has had a local prohibition on Section 8 discrimination for many years. So adding such a provision to this bill will have no impact whatsoever in your district in Seattle. That said, adding a provision like the one you suggest to this bill will almost certainly destroy the bipartisan coalition that has come together to support this bill, making it impossible to pass the bill this session. Given the choice between adding language that will kill the bill and have no impact in Seattle, or instead passing the bill as is and creating an important new affordability tool in Seattle and for cities across the state, I prefer the latter, and I hope you will too.

You also raised concerns about the City's past enforcement of zoning incentives for landlords. The City recognized that problem, and we now have a compliance manager for the Multi-Family Tax Exemption (MFTE) and Incentive zoning programs who monitors annual reports and works with landlords to ensure compliance. These changes in monitoring were codified for the MFTE program when the Seattle City Council reauthorized the Multi-Family Tax Exemption program in 2015.<sup>i</sup> If the Legislature adopts the PTE bill, the City intends to mirror these tenant-focused measures in local legislation implementing the new program.

In sum, I believe the Preservation Tax Exemption will be an important tool for Seattle and communities around the state to preserve affordable housing, improve housing health and quality, and allow low-income community members to live near jobs, transit, and high quality schools. Your concern about auditing appears to be based on a misunderstanding of the bill and similar legislation, and your proposed amendment related to Section 8 vouchers will almost certainly kill any chance of the bill's passage. We respectfully ask you to reconsider your approach.

Sincerely,



Edward B. Murray  
Mayor, City of Seattle

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<sup>i</sup> See the Multi-Family Tax Exemption Compliance Manual for auditing and compliance enforcement details.  
<http://www.seattle.gov/Documents/Departments/Housing/HousingDevelopers/MultifamilyTaxExemption/MFTE-Compliance-Manual.pdf>