

Analyzing Affordability in Green Partners LLC

Comparing proposed MFTE ordinance change with the other models

Summary

- All nearby cities require affordability in downtown construction
 - Proposed Woodinville MFTE ordinance leaves affordability as voluntary
 - Bothell model requires 10%, then tax breaks only with higher unit counts
- MFTE laws subsidize developers with property tax exemption
 - Comparisons use Woodin Creek phase 2 as property tax baseline
- Bothell model would create **121** affordable units with no tax exemption
 - If "Green Partners LLC" still uses 12 year MFTE on two phases: **185** total units created
 - Developer will always see increased profit above market rent via MFTE subsidy

Summary of regional affordability policies

City Downtown	Affordability is Required ?	Required Minimum %	8 year tax break requires	12 year tax break requires*
Woodinville	voluntary only	NONE REQUIRED	12%	<i>Proposed 20%</i>
Bothell	Required	10%	15%	20%
Redmond	Required	10%	10%	20%
Kirkland	Required	10%	10%	20%
Sammamish	Required	10%	No Tax Exemption	No Tax Exemption

*Woodinville's Housing Action Plan shows need for **2000** affordable units by 2040*

Other cities have mandatory affordability before tax breaks

* State law requires 20% minimum for 12 year MFTE

MFTE: Developers Always Win

MFTE exempts 100% residential property tax per phase: ~ \$ 200,000 monthly
 "Green Partners LLC" to build 1210 total units with plans for MFTE in phase2+phase3 = 640 units

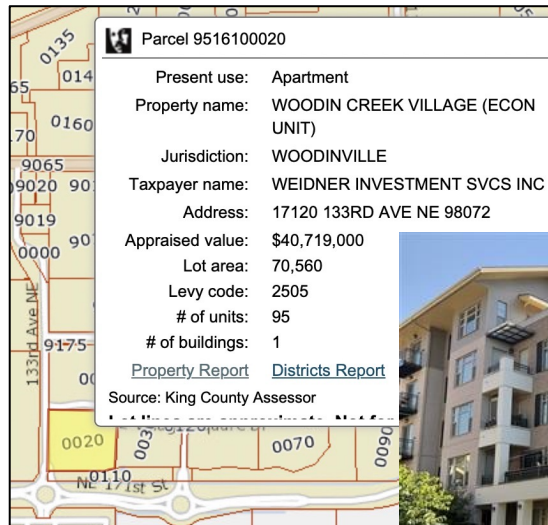
Real listing in Woodin Creek (June 11, 2023): 2br, 1ba renting for: \$ 2645 monthly

	Council's Proposed Ordinance	Bothell Model
Mandatory % Units	None	10%
Total Affordable Units	128 (in phase2&3 only)	185
Affordable Rent (2br in 2022) 85% AMI = \$ 2574 65% AMI = \$ 1939	64 units @ 85% AMI 64 units @ 65% AMI	121 units @ 85% AMI 64 units @ 65% AMI
Subsidy on affordable units	\$1563	\$1081
Monthly extra profit (sum of all affordable rents + subsidy)	\$ 150,272	\$ 146,225

Bothell model: **More** affordable units, *still* increases Developer profits

Estimating Property Tax → becomes MFTE subsidy

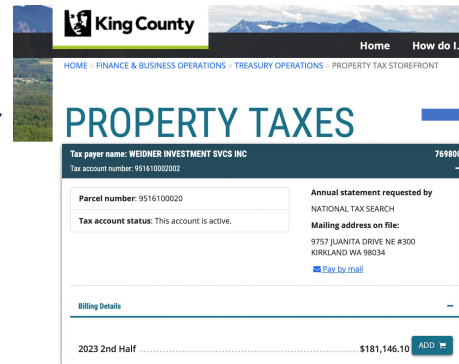
- Woodin Creek phase 2 parcel 2 (two blocks away) has 95 residential units
- "Green Partners LLC" phases 2&3 to have 640 residential units



Parcel 9516100020

Present use: Apartment
Property name: WOODIN CREEK VILLAGE (ECON UNIT)
Jurisdiction: WOODINVILLE
Taxpayer name: WEIDNER INVESTMENT SVCS INC
Address: 17120 133RD AVE NE 98072
Appraised value: \$40,719,000
Lot area: 70,560
Levy code: 2505
of units: 95
of buildings: 1

[Property Report](#) [Districts Report](#)
Source: King County Assessor



King County

HOME - FINANCE & BUSINESS OPERATIONS - TREASURY OPERATIONS - PROPERTY TAX STOREFRONT

PROPERTY TAXES

Tax payer name: WEIDNER INVESTMENT SVCS INC 769800
Tax account number: 95161000202

Parcel number: 9516100020
Tax account status: This account is active.

Annual statement requested by NATIONAL TAX SEARCH
Mailing address on file: 9757 JUANITA DRIVE NE #300 KIRKLAND WA 98034
[Eay by mail](#)

Billing Details

2023 2nd Half \$181,146.10 [ADD](#)

640 / 95 = 6.7 ratio

\$ 362,000 yearly tax at Woodin Creek

\$ 362,000 x 6.7 = \$ 2,425,400



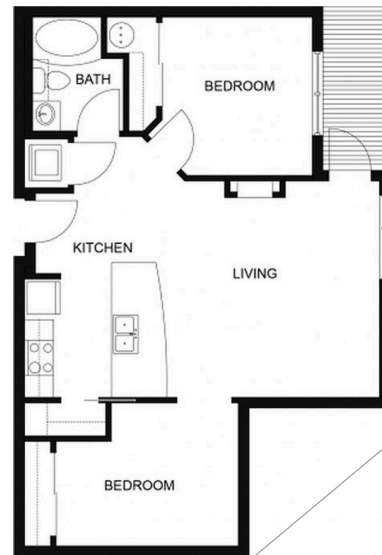
➤ "Green Partners LLC" phase 2&3 annual residential property tax: **\$ 2.4 Million**

\$ 200,000 monthly

Comparable Market-Rate Rent

- Woodin Creek (two blocks away)
- On market as of June 11, 2023
- 2 Bedrooms, 1 Bath

\$2645 monthly



Save Share More

Woodin Creek Village

17255 135th Ave NE, Woodinville, WA 98072

Request to apply

Request a tour

Special offers Units Overview Facts & Features Policies >

Canopy

\$2,645

2 bd | 1 ba | 814 sqft

Unit K304 - Available now

6 Photos

Affordable unit rent limits

ARCH

Income and Rent Limits

Median Income:

\$134,600

Effective July 15, 2022

– 2 Bedroom Unit –
Rent limit for 65% AMI
\$ 1969 per month

Rent limit for 85% AMI
\$ 2574 per month

Source: Council packet May 16th

RENT LIMITS --determined by bedrooms						
LAND USE & MFTE PROJECTS EXECUTED AFTER MAY 1, 2019						
Percentage of AMI	Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom	
30%	\$ 707	\$ 757	\$ 909	\$ 1,050	\$ 1,171	
35%	\$ 824	\$ 883	\$ 1,060	\$ 1,225	\$ 1,366	
40%	\$ 942	\$ 1,010	\$ 1,211	\$ 1,400	\$ 1,561	
45%	\$ 1,060	\$ 1,136	\$ 1,363	\$ 1,575	\$ 1,757	
50%	\$ 1,178	\$ 1,262	\$ 1,514	\$ 1,750	\$ 1,952	
55%	\$ 1,296	\$ 1,388	\$ 1,666	\$ 1,925	\$ 2,147	
60%	\$ 1,413	\$ 1,514	\$ 1,817	\$ 2,100	\$ 2,342	
65%	\$ 1,531	\$ 1,640	\$ 1,969	\$ 2,275	\$ 2,537	
70%	\$ 1,649	\$ 1,767	\$ 2,120	\$ 2,450	\$ 2,732	
75%	\$ 1,767	\$ 1,893	\$ 2,271	\$ 2,625	\$ 2,928	
80%	\$ 1,884	\$ 2,019	\$ 2,423	\$ 2,800	\$ 3,123	
85%	\$ 2,002	\$ 2,145	\$ 2,574	\$ 2,975	\$ 3,318	
90%	\$ 2,120	\$ 2,271	\$ 2,726	\$ 3,150	\$ 3,513	
95%	\$ 2,238	\$ 2,398	\$ 2,877	\$ 3,325	\$ 3,708	
100%	\$ 2,356	\$ 2,524	\$ 3,029	\$ 3,500	\$ 3,903	
105%	\$ 2,473	\$ 2,650	\$ 3,180	\$ 3,675	\$ 4,099	
110%	\$ 2,591	\$ 2,776	\$ 3,331	\$ 3,850	\$ 4,294	
120%	\$ 2,827	\$ 3,029	\$ 3,634	\$ 4,200	\$ 4,684	

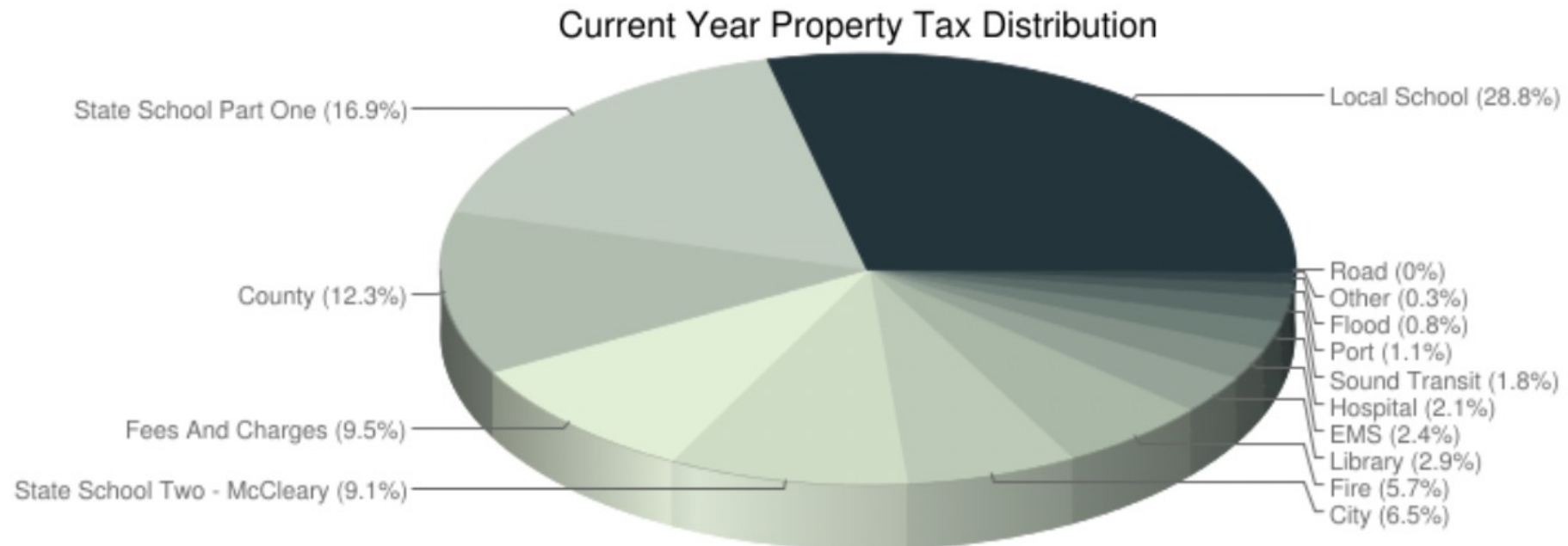
Conclusion

- Reaching target **2000** affordable units in 17 years requires action now
- All nearby cities require affordability in downtown construction
 - Voluntary affordability is all carrot and no leash
 - Council and staff have been too friendly in negotiations
 - Any threat of “walking away” is a negotiating tactic only: Land held since 2008, no comparable lots in other tourist destination downtowns, construction has already started.
- Bothell model is better, mandatory affordability before tax breaks
 - Would create **121** affordable units with no tax reduction
 - If “Green Partners LLC” uses a 12 year MFTE on two phases: **185** total units created
 - Developer still gets increase in profit, above market rents for the same units

Other impacts of MFTE

MFTE exempts a land parcel from ALL residential property tax, not just city

- 6.5% to Woodinville
- 12.3% to King County
- 54.8% of tax goes to schools (State #1, #2, and Local voter-approved levies)



”Green Partners LLC” \$2.4M MFTE = \$ 1.3 Million annually excluded from schools

Repeat the math on **extra** developer profits yourself

#1 Affordable Housing rent

of 65% AMI X Rent Limit

of 85% AMI X Rent Limit

Add those = Affordable rent total

#2 Residential taxes exempted

Ratio of Woodin Creek to GP:

$$640 / 95 = 6.7$$

Woodin Creek annual taxes x 6.7

/ 12

= monthly taxes

/ Total # affordable units

= Subsidy per unit

#3 Market rate comparison

Woodin Creek listed monthly rent

X

Total # of affordable units

= Equivalent market rate rent of units

#4 Extra profit to Developer

Affordable rent total

+

(Subsidy per unit X Total # affordable units)

-

Equivalent market rate rent of units

=

Extra monthly profit

