



# 12-Year Multi-Family Tax Exemption Compliance Manual

FOR RENTAL PROPERTIES

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## Definitions & Acronyms

<b>Affordable Housing</b>	Housing that is rented by a person or household whose monthly housing costs including utilities, other than internet and telephone, do not exceed 30 percent of the household's monthly income
<b>Affordable Units</b>	The 20% of units that are designated as rent and income restricted in compliance with the 12-year MFTE program requirements
<b>AMI</b>	Area Median Income, as defined by the Washington State Housing Finance Commission for Whatcom County
<b>BHA</b>	Bellingham-Whatcom County Housing Authority
<b>Gross Rent</b>	The base rent, calculated as 30% or less of a household's monthly income, before subtracting the Utility Allowance and recurring fees
<b>HEC</b>	Household Eligibility Certificate; a form available from the City of Bellingham
<b>Maximum Allowable Rent</b>	The maximum amount that may be charged to a tenant renting an Affordable Unit, calculated by deducting the Utility Allowance and required fees from the Gross Rent; if the tenant does not pay for utilities and there are no recurring fees, the Gross Rent and Maximum Allowable Rent will be the same
<b>MFTE</b>	Multifamily Tax Exemption program
<b>Planning</b>	Planning and Community Development Department, City of Bellingham
<b>Property/Properties</b>	Owners of properties participating in the MFTE program, or the designated agent(s) acting on their behalf
<b>Utility Allowance</b>	A specific dollar amount, determined by the BHA, that is deducted from the Gross Rent to calculate the Maximum Allowable Rent for an Affordable Unit
<b>WSHFC</b>	Washington State Housing Finance Commission

## I. Introduction to this Manual

This Compliance Manual (Manual) is designed to implement and explain the City of Bellingham’s twelve-year multifamily property tax exemption (MFTE) codified at BMC 17.82.030. It applies only to the 12-year MFTE program, which includes an Affordable Housing requirement. This program provides a tax exemption for residential multifamily projects in exchange for setting aside twenty percent (20%) of the units as income and rent restricted. Please see BMC 17.82.030 for definitions of terms and detailed explanations of processes that are not included in this Manual.

This Manual is specific to properties intended for rental occupancy. For questions about how the 12-year MFTE program applies to ownership projects (i.e., condominiums) please contact the City of Bellingham’s Planning and Community Development Department (Planning) at [mfte@cob.org](mailto:mfte@cob.org).

While the activities of this program may be carried out by the property owner’s designated agent, such as a property manager or property management firm, **it is the owner or owners of a property receiving an MFTE credit who are ultimately responsible for ensuring compliance with all aspects of this program.** Owners of properties receiving the MFTE and/or their designated agent(s) are referred to interchangeably hereafter as “Properties”.

## II. MFTE Compliance Overview

### A. Multifamily Tax Exemption and Compliance Period

By participating in the program, Properties commit to a Compliance Period in return for a Tax Exemption Period (both terms defined below). While there is substantial overlap between the Tax Exemption and Compliance Period, the two are not synonymous. The periods are defined as follows:

- The **Tax Exemption Period** begins on January 1st of the calendar year following the issuance of the Final Certificate of Tax Exemption and ends on December 31<sup>st</sup> twelve calendar years later. During this period, the property receives a tax exemption on residential improvements.
- The **Compliance Period** begins on the date of the application for the Final Certificate of Tax Exemption (the “Final Certificate”) and ends on December 31st of the 12th year of the Tax Exemption period.
  - Note that if a household income qualifies and anticipates occupying an Affordable Unit on or before December 31 in year 12 of the Tax Exemption Period, the Property must honor the affordable rent for the remainder of the lease period, even if it falls outside of the Compliance Period.

Properties shall lease the designated rent and income-restricted units (Affordable Units) to income eligible households during the Compliance Period. Typically, this will require leasing units to income qualified tenants at the Maximum Allowable Rent prior to applying for the Final Certificate. Properties shall submit a list of all Affordable Units, the unit size, their status (leased or vacant), and household size and income of lessee, which shall be included in the Conditional Certificate of Tax Exemption and Contract. This ensures that the Affordable Units are in compliance at the beginning of the Compliance Period.

## B. Initial Designation of Affordable Units

Per the Conditional Certificate of Tax Exemption and Contract, a Property may request a Final Certificate only once all Affordable Units have been designated, whether rented or held vacant to be rented by income eligible households, and Planning (mfte@cob.org) has been provided with rents (or offering rents) and application and lease materials. This requirement means that all Affordable Units must be designated prior to applying for the Final Certificate, and all households living in an Affordable Unit prior to applying for the Final Certificate must be income verified prior to leasing an Affordable Unit.

## C. MFTE Unit Mix

The MFTE program requires that at least 20% of all residential units are designated as Affordable Units. The City of Bellingham (the City) multiplies the total number of units within the project by 20%, rounding up to the required number of Affordable Units if there is any fraction of a unit. For example, 21.2 units is rounded to 22 units. **Affordable units must be distributed proportionally by the number of unit types available on the property.** See the table below for an example unit mix in a 100-unit property.

### Example Unit Mix: 100-Unit Property

	Entire Property	Affordable Units	% AMI	Household Size
<b>Studios</b>	50	10	60%	1
<b>1-bedrooms</b>	30	6	60%	2
<b>2-bedrooms</b>	20	4	80%	2+

Rents are to be charged based on unit type, not based on the size of the household. For the purposes of calculating the affordability criteria, it is presumed that a studio or efficiency unit will have a household size of one and a 1-bedroom unit has a household size of two at 60% AMI. It is presumed that a 2-bedroom unit has a household size of two at 80% AMI. Actual family size may vary, and any limits on the total number of inhabitants per unit should depend on the square footage of the actual units. Any restrictions on number of people per unit shall be reasonable and be applied equally to both market rate and Affordable Units.

When advertising, screening, and selecting tenants for the Affordable Units, properties must adhere to all State and Federal Fair Housing Laws. For more information on Fair Housing Law in Washington State, contact the Fair Housing Center of Washington (<https://fhc.washington.org/>) at 253-274-9523 or visit the website of HUD's [Office of Fair Housing and Equal Opportunity](#).

## D. Affordability Criteria

All Affordable Units are income and rent restricted at a given percentage of the Area Median Income (AMI), determined annually by the Washington State Housing Finance Commission (<http://www.wshfc.org/limits/Map.aspx>). Projects intended for rental occupancy seeking the 12-year MFTE must provide 20% of the housing units as follows:

- **Rental units with one or fewer bedrooms** are affordable to households whose adjusted income is at or below 60% AMI, adjusted for family size; and
- **Rental units with two or more bedrooms** are affordable to households whose adjusted income is at or below 80% AMI, adjusted for family size.

The 20% Affordable Housing requirement can be met with any combination of Affordable Units meeting the 80% AMI or 60% AMI criteria. However, the Affordable Unit mix must be proportionate to the project as a whole.

#### E. Unit Designation

Properties may designate which units are Affordable for meeting the unit mix criteria, provided the following considerations are taken into account:

- Affordable Units cannot be concentrated on one floor of a multi-floor building.
- For properties with multiple buildings, Affordable Units cannot be concentrated in one building.
- Affordable Units must not be exclusively in an area or areas of the building that is less desirable, such as facing an alley or a noisy street or other land use.
- Affordable Units must have substantially similar amenities as market rate units in the building.
- Affordable Units must not all be the smallest units of that bedroom type.

The Affordable Unit designation may also “float” during the Compliance Period. For example, at the initial lease signing, unit #102 is designated as an Affordable Unit and a household qualifies, signs the lease, and resides there for two years. At the time of move-out, unit #102 and #202 are both available to rent. If both are substantially similar, unit #202 could be designated as the Affordable Unit in place of #102. Or, if an existing tenant in a market-rate unit does not move out, but meets the income criteria, they could submit an application and qualify to have their unit designated as the Affordable Unit once the household in unit #102 moves out.

In any event, Properties must maintain an Affordable Unit mix that complies with the criteria in this section, and the unit mix in section II.C. The Affordable Unit designation cannot float from one household to another while the initial qualifying household is still present, and an existing, income-qualified tenant cannot be forced to move to a new unit in order to qualify. **Once a household income qualifies, it keeps the Affordable Unit designation until the next annual income certification and has the first right to requalify at that time, regardless of whether the household size remains the same, increases or decreases.**

#### F. Advertising Affordable Units

The City requires that Properties send a paragraph describing the units available and when any leasing or pre-leasing activities are scheduled to begin to [mfte@cob.org](mailto:mfte@cob.org). Staff will then distribute this information to local housing partners at their discretion.

Units should also be listed specifically as participating in the 12- year MFTE program to aid potential applicants in their search. The City recommends advertising on [www.housingsearchnw.org](http://www.housingsearchnw.org) to reach low to moderate income applicants that will likely qualify for the program. Other suggestions for outreach can be found in the City’s [Housing Development Guideline and Procedure Handbook](#), Section 220.

#### G. Source of Income Discrimination

Within the City of Bellingham, as within the State of Washington, it is illegal to discriminate against any applicant because of their source(s) of income. Ability to pay rent should be neutral as to whether the applicant will pay rent with employment earnings, a housing assistance voucher, social security or disability payments, or any other form of legal income. Applicants who apply for an Affordable Unit cannot be charged any additional application or administration fees that are not charged to all

applicants for market rate units, nor can they be required to pass any additional screening (such as background or credit checks) that are not required of all applicants.

#### H. Change of Ownership or Property Management

Properties must communicate with the City prior to any transfer of ownership or change in property management company. Similarly, property management companies must update the City with current contact information should the individual property management contact change.

### III. Affordable Unit Income Verification

#### A. Income Verification Overview

Affordable Units are income and rent restricted units required to meet the affordability obligations outlined in the Conditional Certificate of Tax Exemption and Contract.

Income eligible occupants shall have a total household annual income from all sources at or below the maximum allowable household income restriction for the unit. A household's income must be certified using source documentation to verify all amounts anticipated to be earned over the income projection period. The income projection period is the 12 months following the initial lease start date. Current income amounts will be projected forward over the 12-month period unless there is verifiable evidence of an anticipated change, such as a raise, change in position, cost of living adjustment, etc. If there is a history of receiving income (bonuses, tips, commissions), this will be projected forward if it could reasonably be anticipated, even if the employer cannot guarantee it will be received. Lapses in income resulting from voluntary leave, medical leave, or a voluntary reduction in hours will not be taken into consideration in the income calculation; income will be annualized as if it will be received.

#### B. Initial Certification & Recertification

All households applying for an Affordable Unit must be certified as income-eligible prior to signing a lease. Households may not sign a lease for an Affordable Unit based on a partial or preliminary income certification. **Re-certification of the household residing in each Affordable Unit must be performed annually.** The City recommends that re-certification is performed at each subsequent annual lease signing, and in tandem with any rent increase. Any changes to household size or income should be captured at that time. There is no need to do mid-year income recertification if a household's composition or income changes.

Income certifications must be conducted no more than 120 days prior to the certification effective date (the start date of the initial lease) to be considered valid. Certifications occurring more than 120 days in advance of the lease start date are no longer considered valid projections and will not be accepted.

Properties that complete income certifications after signing a lease, or that base eligibility on a certification older than 120 days, will receive compliance findings and may jeopardize their participation in the program.

If the income re-certification determines that the household is now ineligible, the next available unit must be designated in the household's place. Once this occurs, the property may provide the required notice to the ineligible household and revert their unit to market rate. Note that in the City of Bellingham, rent increases of over 10% on month-to-month leases require a 60-day notice per [BMC 6.12.020](#).

### C. Income Certification Process

The income certification process that Properties shall follow for renting Affordable Units includes four steps, as follows:

1. **Income Disclosure:** Adult applicants disclose all income and assets anticipated to be available to the household for 12 months following the lease start date.
2. **Income and Asset Verification:** Property obtains income and asset documentation to verify all sources disclosed by applicants on their application.
3. **Income Calculation:** Property calculates total household income based on verified documentation (and not applicant's self-disclosed amounts).
4. **Eligibility Determination:** Property compares total household income to posted income cap for household/unit and finalizes the HEC.

These steps are described in more detail below.

**1. Income Disclosure:** Properties shall provide an eligibility application, to be completed by each adult household member. The application shall ask the applicant to disclose all anticipated incomes sources and assets available to the household over the twelve months following the certification effective date (initial lease start). The application shall be completed even if no income sources are anticipated to be available to an applicant. To be accepted, Properties must ensure the following:

- The application shall be completed in full to be considered valid. It is not acceptable to leave fields blank. If an income source or an asset has a value of zero, the applicant shall answer \$0. It is not acceptable to leave fields blank.
- Gross annual income (before taxes) shall be reported in all instances except for self-employment income where the net earned from the business will be used. Applicants shall not omit information on bonuses, tips, and commissions on account of them not being "guaranteed" by employer. If there is a history of receiving income from any of these sources, they shall be disclosed.
- The Property is responsible for ensuring the eligibility application provides the requested information. It should not be assumed that applicants earning an hourly wage are employed full-time. The Property shall make a reasonable effort to follow up with applicants if more information or clarification is needed. Applicants shall not be rejected solely for an incomplete application.
- The Property and the applicant(s) shall sign the complete application prior to collecting any income or asset documentation. Once complete and signed, move on to step 2.

**2. Income and Asset Verification:** Properties shall request documentation to support all amounts disclosed on the application. Each income source disclosed by the applicant shall be supported by documentation. The documentation shall be the basis for the final household income calculation.

- Employment income shall be verified by the Property using an employment verification form sent directly to the employer and returned to the property directly by the employer. The City also recommends obtaining at least one current paystub to supplement the information provided by the employer.
  - If two or more document attempts have been made to obtain an Employment Verification Form from the applicant's employer without success, Properties may



instead verify the income based on the six most recent paystubs. If an applicant has only recently started a position, the Property may document income through an employment offer letter.

- All forms of unearned income (Social Security, child support, alimony, unemployment benefits, gifts, etc.) shall be reported.
  - **If an applicant is a full-time student, they must also meet certain conditions in addition to these income verification criteria.** See Section D below for specific instructions which apply to full-time students.
  - Student loans, grants, and work-study do not count as income for the purposes of qualifying for an affordable unit. However, income from part-time jobs and gift income (such as regular contributions from family, including rent payments) does count.
- All assets shall be verified. Only the income earned from assets in the form of interest, dividends, or other recurring distributions shall count as income, not the value of the asset (e.g., the interest on a savings account would count as income, not the current account balance or withdrawals). Once all income for all income sources is available, move on to step 3.

**3. Income Calculation and Eligibility Determination:** Property shall calculate the total gross household income based on the verified income documentation.

- Move-in household income is always based upon current income, annualized and projected forward for the next 12 months after the initial lease start date. Any verifiable anticipated changes, such as raises, cost of living adjustments, bonuses, etc. must be incorporated into the 12-month projection.
- When calculating the total household gross income, add all income (regardless of earned, unearned or from assets) in exact amount down to the cent, then round only the final gross amount to the nearest dollar.
- All income calculations shall be documented by the Property and retained on file for review during monitoring. All inputs as well as formulas must be maintained as part of the documentation. Once the HEC form (provided by the City) is complete with all documentation and calculations supporting a final household income figure, move on to step 4.

**4. Eligibility Determination:** If the total household income calculated is at or below the maximum income for the unit, the household is eligible.

- The applicants and Property must sign the HEC for it to be effective. All supporting information will be maintained by the Property in files to substantiate the eligibility determination, and relevant portions entered by the Property into the Web-Based Annual Reporting System (WBARS) once access has been provided by the City. Only once the HEC has been completed in full, demonstrates eligibility and has been signed by both parties may the applicant sign a lease for the Affordable Unit.
  - Please do not submit the HEC to the City. It should be kept on file at the property for three years from the date of submission for review during a monitoring visit. See section V for more details on monitoring.
- If the applicant is over-income and is denied for an Affordable Unit, a notice of determination shall be provided to the applicant, and all income certification documents collected to date shall

be retained for three (3) years from the date of the initial application. The Property shall also provide written notice to the applicant as to why they were deemed ineligible for the unit, including the final income calculations that were used to make this determination.

#### D. Students

Full-time students are eligible to rent Affordable Units. However, full-time students may be considered for occupancy of Affordable Units only if they have a demonstrated financial need and can fully document their income eligibility. Uncorroborated statements or affidavits of income will not suffice for the qualification process. The following compliance procedures only apply to full-time students who apply for Affordable Units.

To be considered for occupancy of an Affordable Unit, a full-time student must have completed a Free Application for Student Aid (FAFSA) or a Washington Application for State Financial Aid (WASFA) and have received a need-based financial aid award such as a Federal Pell Grant, a Washington College Grant (formerly known as the State Need Grant), a William D. Ford Federal Direct Loan, a Teacher Education Assistance for College and Higher Education (TEACH) Grant, or another need-based loan or grant awarded through the FAFSA or WASFA process. GI Bill recipients are also considered eligible.

If a student meets the above threshold for need, they will be allowed to continue eligibility screening to apply for an Affordable Unit. The student's financial aid income (listed on the financial aid award letter) shall be deemed as exempt. All sources of income must still be documented and verified, whether or not they are exempt.

Properties must take these *additional* steps for all applicants who indicate full-time student status on the rental eligibility application.

1. **Verify Student Status.** Students must provide proof of registration and current enrollment in an accredited institution.
2. **Verify Aid.** Students must provide verification that they are receiving a need-based financial aid award. Students must provide written proof of such need-based aid from their school's financial aid office. The document must show that the student has accepted a need-based award. GI Bill recipients must provide a copy of their GI award. Merit or athletic scholarships are not considered evidence of financial need on their own.
3. **Calculations.** Properties should calculate and project any income other than need-based student aid over the following 12-month period and include all sources of income on the rental application and HEC. Total exempt and nonexempt income shall be calculated and recorded. Non-exempt income listed should also be listed on the HEC. All other income identified throughout the certification process shall be calculated and projected over the following 12-month period. All nonexempt income must be listed on the HEC.

## IV. MFTE Rent Calculations

### A. Calculating MFTE Rent

Maximum rents for the Affordable Units will be calculated annually by the City based on income limits provided by the Washington State Housing Finance Commission (WSHFC). WSHFC publishes the income

limits in the Spring of each year, and the City will update the rent limits on our website soon after their release. In no case shall rents be higher than the City's calculated payment standard, which is based upon actual market rents. If the Gross Rent is higher than current market rents, the City will adjust accordingly so that the Affordable Rents are less than market rent.

**The maximum rent that shall be associated with the Affordable Unit for the duration of the lease is the one that is effective at the time of the anticipated first day of occupancy.** Upon lease renewal, the Property may adjust the rent to the maximum effective at that time, provided that the limit has changed. Month-to-month leases can use the most current effective rents after the first full month following the notice of the increase to the tenant.<sup>1</sup> For example, if the effective date for the new Affordable Unit maximum rent is April 1st, and a month-to-month tenant is notified on April 15th of a potential rent increase, the new Affordable Unit rent can be used starting June 1st, one full month after the notice.

The City will publish maximum MFTE rent tables on [our website](#) annually. **Note that the figures provided on the table represent the Gross Rents and are not necessarily what the Property can charge the tenant.** This is because the definition of Affordable Housing includes all mandatory recurring housing costs that are a condition of tenancy. The Maximum Allowable Rent therefore takes into account utilities paid by the tenant (in the form of a Utility Allowance), renter's insurance if required, and any non-optional fees. The City uses the following formula to calculate Maximum Allowable Rents for Affordable Units:

$$\text{Max Allowable Rent} = \text{Gross Rent} - (\text{Utility Allowance} + \text{required fees})$$

It is important to incorporate the Utility Allowance and all mandatory recurring fees into the rent calculation to avoid overcharging tenants. If the City discovers that one or more tenants is charged a rent that exceeds the Maximum Allowable Rent, a reimbursement will likely be required for the property to continue to comply with the Conditional Certificate of Tax Exemption and Contract. If there is any question as to whether rents are being calculated correctly, please contact [mfte@cob.org](mailto:mfte@cob.org).

## B. Utility Allowance

If the tenant is expected to pay for any portion of their utilities, they must receive a Utility Allowance. While a third-party billing service may be used, or the property may otherwise bill the tenant for utilities, tenants who pay out of pocket for utilities must receive a Utility Allowance, which is deducted from the gross rent.

The Utility Allowance schedule is maintained and updated by the Bellingham-Whatcom County Housing Authority (BHA), and is the basis for the Utility Allowances adjustments that are required to be deducted from the maximum gross rent charged under 12-year MFTE program. The Utility Allowance depends upon the number of bedrooms in the unit and the specific type of building utilities (electricity, natural gas, propane, etc.). If the Affordable Units include major appliances such as a refrigerator and stove, the Utility Allowance is the total of heating, cooking, electric appliances and cooling, and monthly utility charges.

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<sup>1</sup> Unless the rent increase is more than 10% of current rent. In that case, the tenant is entitled to 60 day notice, per [BMC 6.12.020](#).

To calculate the most recent Utility Allowance for your project, visit the [BHA's Resources Page](#) and click on the document titled "HCV Utility Allowances."

The Utility Allowance will be received by the tenant as an adjustment to the Gross Rent. For example, if a tenant moves into a 1-bedroom unit, and they are expected to pay for basic utilities, the Maximum Allowable Rent would be \$960 (Gross Rent) - \$51 (Utility Allowance) = \$909. If the tenant does not pay for any utilities (except internet and phone) and there are no recurring mandatory fees, then the Gross Rent and Maximum Allowable Rent would be the same. In all other circumstances, the Maximum Allowable Rent will be less than the Gross Rent.

**If water, sewer, and trash/recycling collection fees are not included in rent, then they must be included in the Utility Allowance.** While this fee may be passed on to the tenant, it must be deducted from the maximum gross rent in addition to any required Utility Allowance adjustment. For example, if the Gross Rent for the Affordable Unit is \$960 - \$51 (Utility Allowance) - \$142 (water, sewer, garbage/recycling), the Maximum Allowable Rent that could be charged would be \$767.

Utility Allowance increases will require an adjustment (decrease) to Maximum Allowable Rents. **New Utility Allowances must be implemented immediately for all new leases signed after the effective date of the new rates**, and at the next income re-certification/lease renewal for existing tenants. Property managers must check the current Utility Allowances at the BHA website when creating or renewing leases for Affordable Units. The City may send out a notice to all Properties when the current Utility Allowance changes, in which case adjustments must be made immediately.

### C. Other Fees

Other types of fees may be recurring, or one-time, or optional fees. Please read carefully below to determine which fees should also be deducted from the Gross Rent.

- **Recurring Fees:** All mandatory recurring fees that are a condition of tenancy count as part of the rent. These fees, regardless of who collects them, must be deducted from the gross rent. Common examples of mandatory recurring fees are renter's insurance, required parking fees, or amenity fees.
- **One-time Fees:** One-time fees are allowed (for example, an application fee). However, all fees charged to tenants of Affordable Units must be customary, reasonable, and identical to fees charged for market rate units. There can be no additional fees charged for covering the administrative aspect of the MFTE program.
- **Optional Fees:** Any optional recurring fees that are not required as a condition of tenancy are not deducted from the gross rent. Common examples of optional fees are pet fees, optional parking spaces, or optional recreational amenities. To be considered optional, the tenant must have a reasonable alternative available and the ability to turn down the fee and reside at the property.

### D. Required Lease Provisions

The lease or a lease addendum for all Affordable Units shall clearly provide the following information:

- All one-time fees and recurring fees, and whether they are refundable or non-refundable, required, or optional.

- All utilities paid for by the tenant and the method through which they are expected to pay (directly, through a third party, etc.)
- Whether renter's insurance is recommended, required, or not required to live at the property. (Note: If renter's insurance is required, the rent must be adjusted accordingly regardless of who collects the premium.)
- The final rent amount, adjusted by the Utility Allowance and any recurring fees that are a condition for living at the property.
- That subleasing is strictly prohibited in Affordable Units. **Affordable Units are intended for residential use by the income eligible occupant household only.** Receiving income from renting the unit, whether directly by the tenant or through a service such as AirBnB, may result in loss of MFTE status for the unit.
- Month-to-month lease fees may be charged. However, the rent including fees shall not exceed the Maximum Allowable Rent.

The lease must be signed by the tenant and Property before the tenant occupies an Affordable Unit. All documentation must be retained by the Property for three (3) years and made available to the City upon request and within a reasonable timeframe.

## V. Monitoring & Reporting

### A. Annual Compliance for All Units

As described in the Conditional Certificate of Tax Exemption and Contract, the Property shall file a notarized declaration with Planning within thirty (30) days after the first anniversary of the date of filing the Final Certificate and each year thereafter, for the Tax Exemption period. This declaration is for *all units* and must indicate the following:

- A statement of occupancy and vacancy of the multifamily units during the previous year;
- A certification that the property remains in compliance with the contract with the City, including Affordable Housing requirements.
- A description of any subsequent improvements or changes to the property; and
- A separate report on the Affordable Units (see Section B below).

**All Properties shall submit an annual report no later than November 1st for each year of the Compliance Period.** Reports shall be submitted electronically to [mfte@cob.org](mailto:mfte@cob.org) using the most recent template provided by the City. The information will be compiled by City staff for all MFTE projects and then reported collectively to the Washington State Department of Commerce.

### B. Additional Reporting Requirements for Affordable Units

In addition to the annual compliance required, a report on Affordable Units shall also be submitted, due on the same date (November 1) as the annual compliance declaration. The City will supply a template for this report. Information collected for this report may include the following information for each Affordable Unit:

- Unit number;
- Unit size (square feet), type (number of bedrooms) and location (floor);
- Occupancy (leased or vacant);

- Household name (first five letters of last name only);
- Move-in date and lease end or renewal date;
- Household size;
- Household income;
- Utility Allowance and Recurring Fees; and
- Maximum Allowable Rent and contract rent (rent stated on the lease)

A diagram of the building indicating where the Affordable Units are located may also be requested.

Tenants' personal information beyond what is required on the annual report template should not be submitted to the City. Properties should keep the income verification documentation, HEC, and copies of the current lease on file for all tenants in Affordable Units for no less than three (3) years from the date of the initial application so that all materials are available for on-site monitoring.

### C. Monitoring

The City of Bellingham will conduct monitoring of all projects annually during the Compliance Period, through a desk review of the annual reports. In addition, onsite monitoring visits may be scheduled. Properties will be notified of monitoring visits at least two weeks (14 days) in advance. The following documents shall be retained and available for Planning staff to review during the monitoring visit:

- Current signed lease agreements for all occupied Affordable Units;
- Current signed HEC for all occupied Affordable Units;
- All applications for Affordable Units that were received within the previous three (3) calendar years. (For example, if the monitoring visit is scheduled for April 2021, then all applications for Affordable Units should be available for January 1 through December 31, 2019);
- Supporting documentation for income verification for all applicants for Affordable Units, whether or not the application was approved or a lease was signed;
- For applicants who were determined to be ineligible, a copy of the notice of determination; and
- Example advertisements for available Affordable Units.