

Multifamily Tax Exemption Program (MFTE)

Renter's Commission

July 1, 2019



City of Seattle

MFTE Overview

- Enabled in 1995 by State; 1998 by City, renewed 4 times
- Buildings must set aside at least 20% of units as affordable to income qualified households for up to 12 years
- Provides tax exemption on residential improvement value for up to 12 years
- Program available to:
 - New buildings with 4+ units
 - Rehab of occupied buildings adding 4+ units
 - Rehab of vacant buildings
- Participation is voluntary; tenure not secured
- Affordability levels and other conditions set by City

MFTE Program Production

- 203 projects with 21,684 total units*
 - 4,455 affordable units produce with another 1,500+ affordable units in pipeline
 - 98% of all unit for approved applications for households between 65-90% AMI
 - 86% of all unit production is studios and one bedrooms
- Since 2016, 44% of all completed units in multi-family and mixed-use zones are tax-exempt through MFTE

** For active market-rate buildings as of 12/31/18*



MFTE Current Program

- 25% of units are required to be affordable to income eligible households
- 20% if a minimum number of 2 bedrooms provided
 - 40% AMI – SEDUs
 - 65% AMI – Studio
 - 75% AMI – 1 Bedroom
 - 85% AMI – 2 Bedroom
 - 90% AMI – 3 Bedroom



Current MFTE Program

	AMI Level	Market Rate Rent (City of Seattle Average)	Affordable Rent (Tenant Pays all Utilities)	Average Rent Buy Down
SEDU/Congregate	40%	\$1,136	\$672	\$464
Studio	65%	\$1,561	\$967	\$594
1-bedroom	75%	\$2,068	\$1,315	\$753
2-bedroom	85%	\$2,439	\$1,661	\$778
3-bedroom	90%	\$3,982	\$1,890	\$2,092

	AMI Level	Assumed Household Size	Income Limit
SEDU	40%	1	\$28,100
Studio	65%	1	\$45,650
1-bedroom	75%	2	\$60,200
2-bedroom	85%	3	\$76,750
3-bedroom	90%	4	\$90,250

MFTE Expiring Projects

Year	Projects	# of Affordable Units
2020	1	12
2021	5	261
2022	7	256
2023	6	157
2024	17	351
2025	18	406
2026	34	597
2027	34	620
2028	35	725
2029	31	607
TOTAL	188	3,992

Geographic Distribution

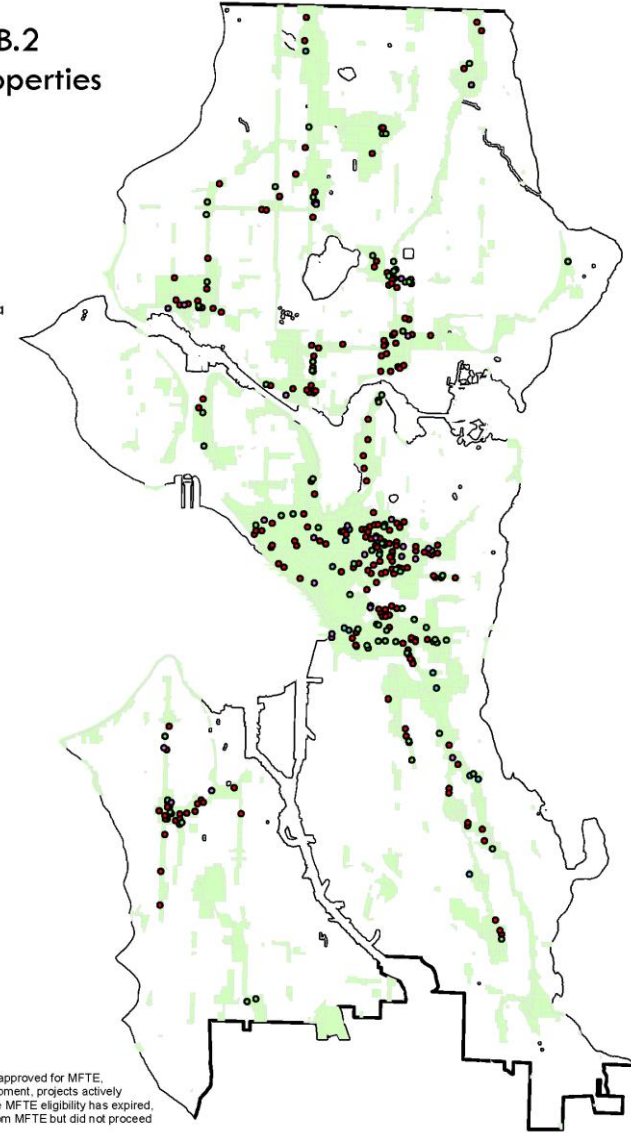
- Available in all multi-family zones
- Highest level of unit production*
 - West Seattle Junction
 - South Lake Union
 - Capitol Hill
 - 23rd and Union
 - First Hill
 - Roosevelt

* approved applications 1998-2018

Attachment B.2 All MFTE Properties

Status

- Active
- Pipeline
- Expired
- Withdrawn
- Residential Targeted Area



* This map contains all projects ever approved for MFTE, which includes projects still in development, projects actively participating in MFTE, projects whose MFTE eligibility has expired, and projects which were approved from MFTE but did not proceed to Final Certificate of Tax Exemption.

MFTE Program Benefits

- Affordable units secured for income-qualified tenants
- In most cases, below market affordable rents.
- Average rent buy down of:
 - Almost \$600 for studios
 - About \$750 for 1 and 2 bedrooms
 - Depends on property, location, and age of building
- Affordable units created throughout the City in multi-family zones

MFTE Program Costs

Tax Year	Estimated Foregone Revenue - (Millions)	Estimate Foregone Revenue - City Share (Millions)	Estimated Revenue Shifted - (Millions)	Estimated Revenue - City Share (Millions)
2019	\$26.96	\$7.25	\$19.44	\$5.23
2018	\$23.59	\$4.91	\$11.80	\$2.92
2017	\$16.70	\$4.74	\$9.20	\$2.61
2016	\$9.44	\$2.76	\$7.46	\$2.18
2015	\$7.08	\$2.00	\$6.20	\$1.75
Total	\$83.77	\$21.66	\$54.10	\$14.69

Feedback & Questions