



Multi-Family Tax Exemption Program



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MFTE Purpose (RCW 84.14)

Provide added incentives to promote construction of multi-family housing in designated residential target areas. Those areas must:

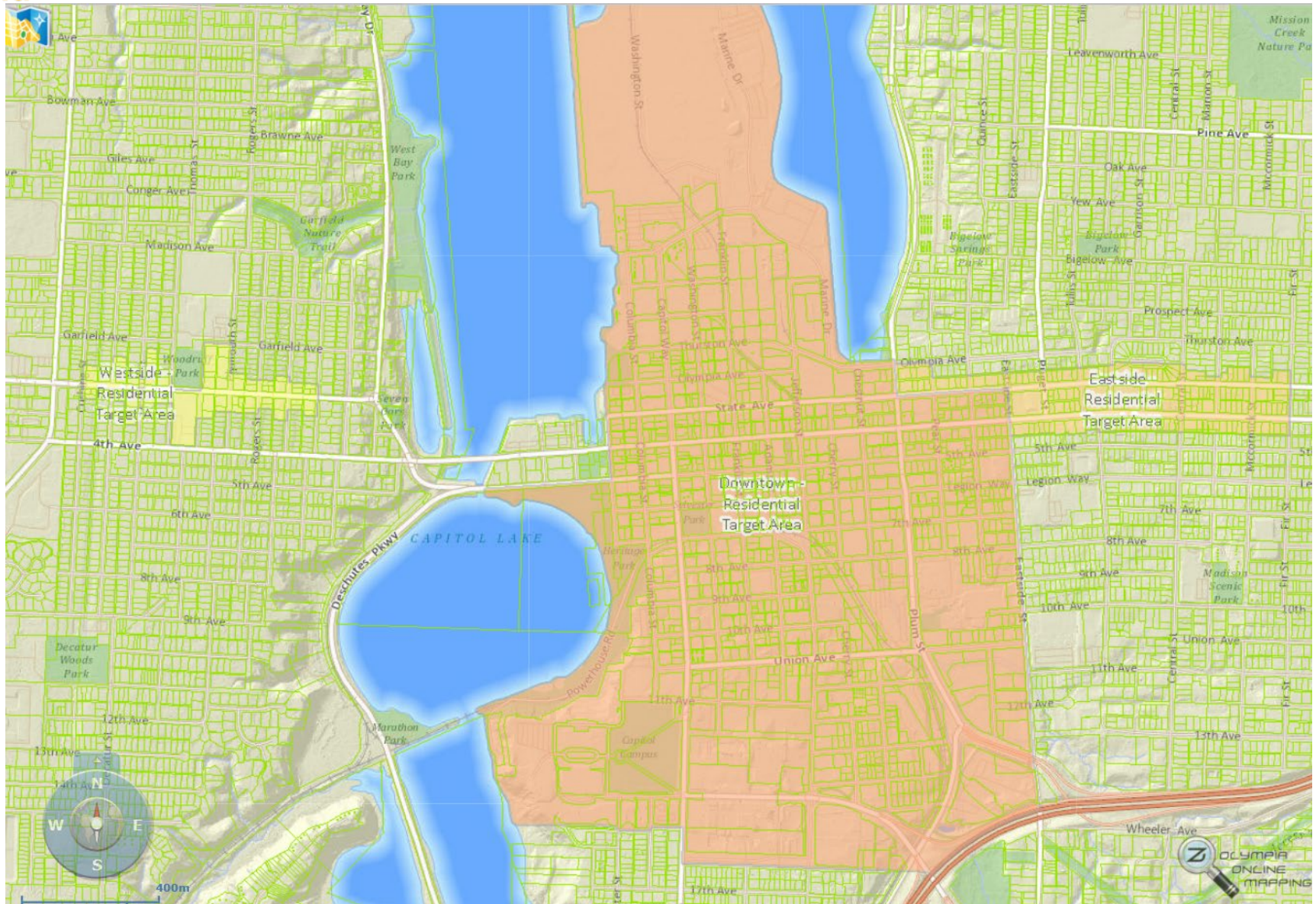
- Be within a mixed-use urban center (as determined by the city)
- Lack sufficient available, desirable and convenient housing opportunities
- Be appropriate for the encouragement of construction of new multi-family housing and the rehabilitation of underutilized buildings



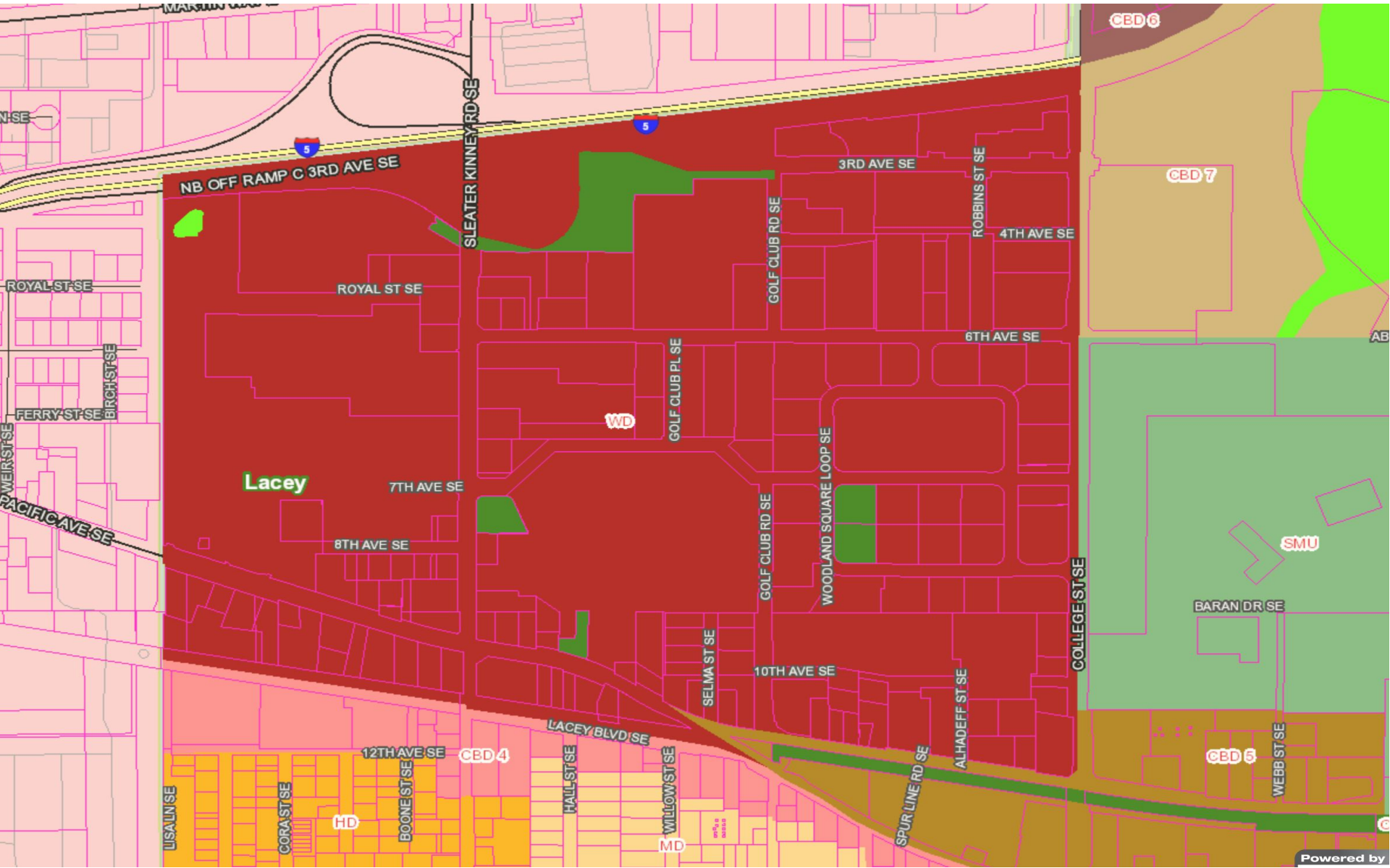
How It Works (Simplified)

- 1. City Council designates eligible area(s)**
- 2. Proposed projects of 4 or more residential units apply for either:**
 - 8-year exemption (market-rate), or**
 - 12-year exemption (20% of units affordable to low- or moderate-income)**
- 3. Review by City Council. If approved, a binding agreement is executed between the City and applicant.**
- 4. When construction completed, City verifies cost of construction of residential units and that affordability requirements are met (annual report required)**
- 5. County Assessor does not add the residential construction value to ad valorem tax until end of 8- or 12-year period**

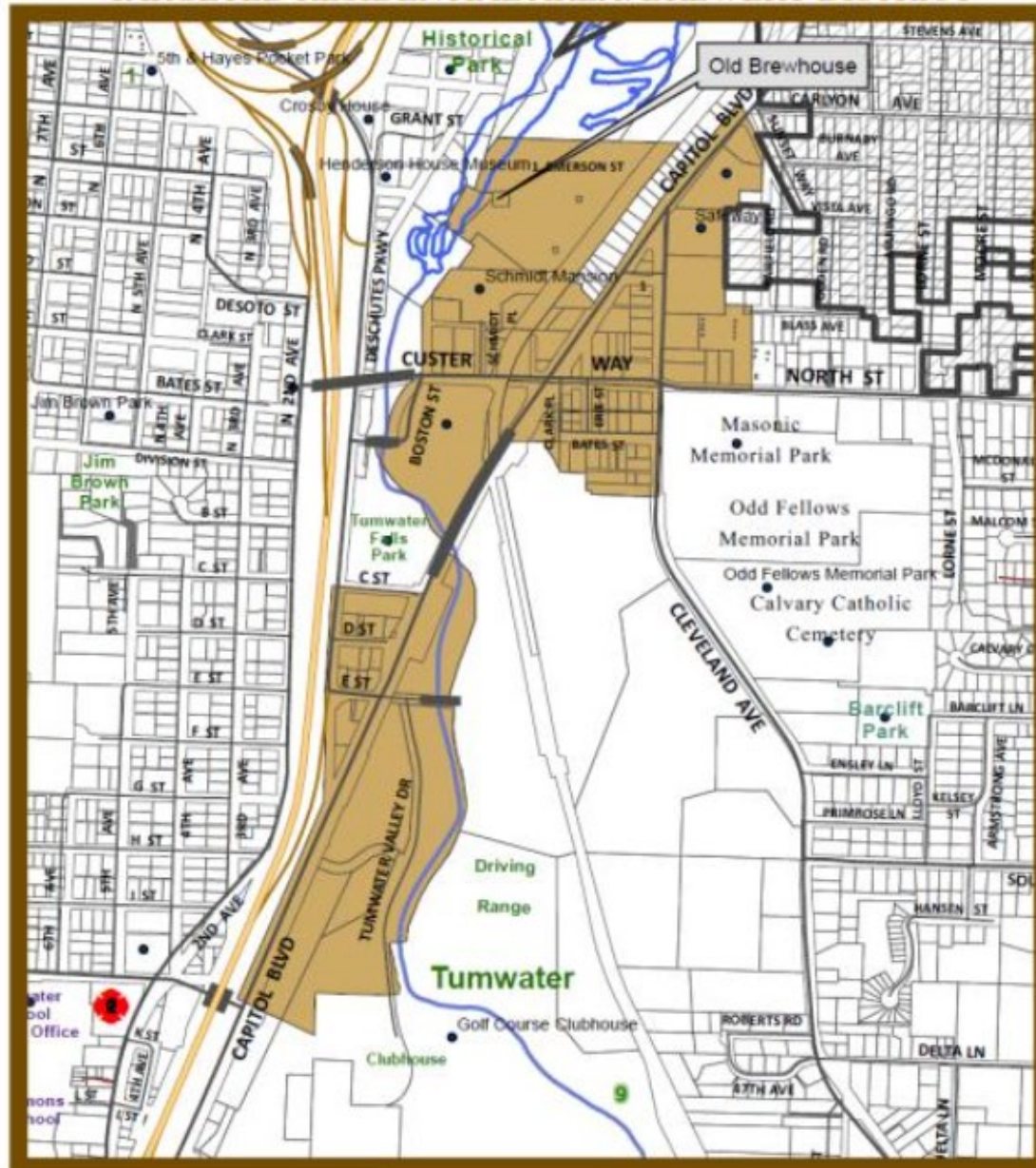
Current MFTE Areas



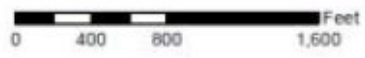
Lacey MFTE Area



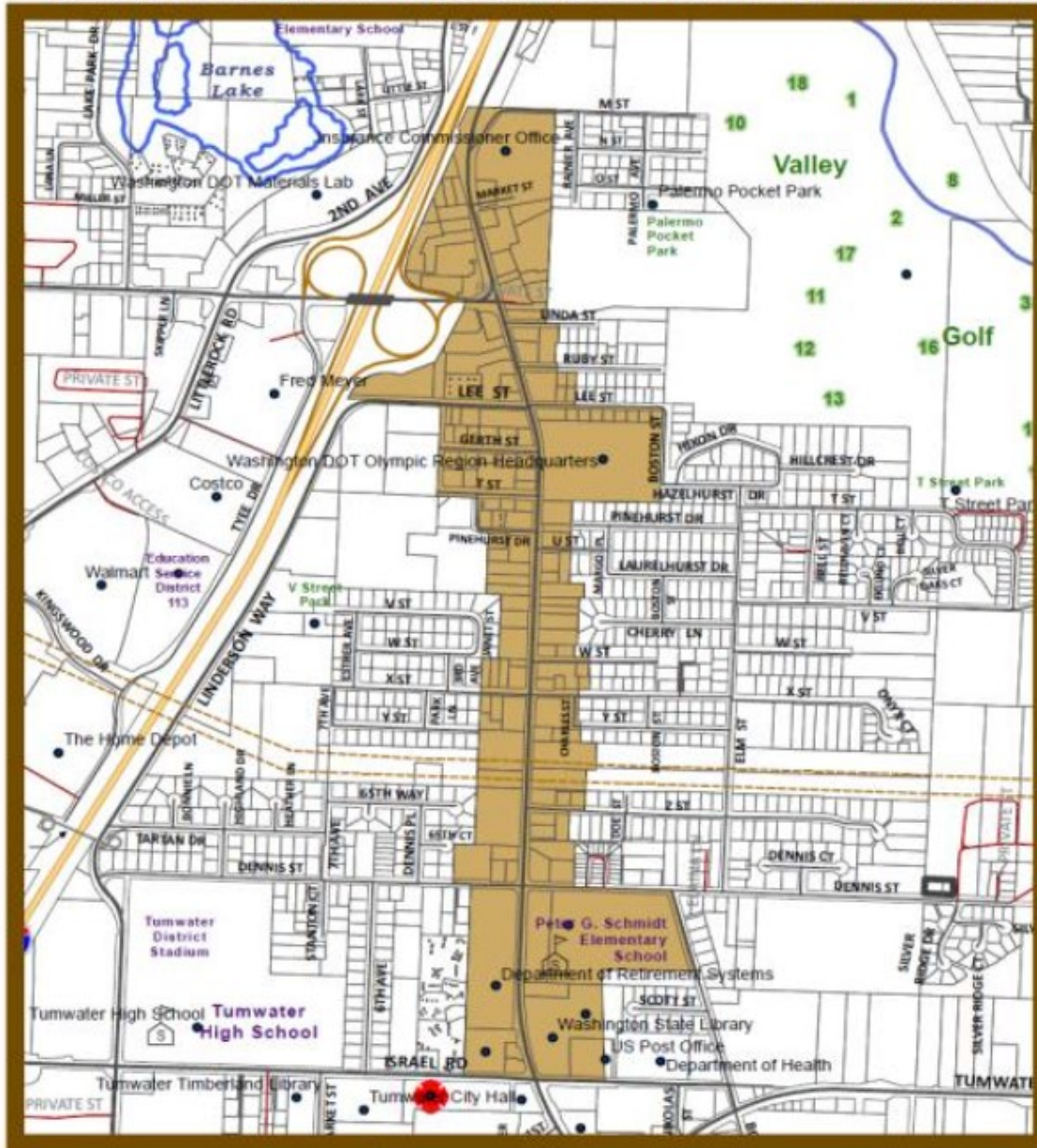
MULTI-FAMILY TAX EXEMPTION PROGRAM TARGETED RESIDENTIAL AREA: BREWERY DISTRICT



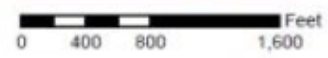
This map last updated: 2/15/2017
This map was created by the City of Tumwater
Community Development Department, using ArcGIS
10.3.1.



MULTI-FAMILY TAX EXEMPTION PROGRAM TARGETED RESIDENTIAL AREA: CAPITOL BLVD CORRIDOR



This map last updated: 2/15/2017
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Current Affordability Definitions

Affordable housing units:

Monthly rent and utilities < 30% of LMI household

Low and moderate-income (LMI) household:

Below 80% and 115%, respectively, of Thurston County area median income (AMI)

2017 Thurston County Very Low-Income (60% AMI) Income Limits and Rents

1-Person Household		2-Person Household		4-Person Household	
Annual Income	Max. Affordable Rent	Annual Income	Max. Affordable Rent	Annual Income	Max. Affordable Rent
\$32,100	\$803	\$36,660	\$916	\$46,980	\$1,175

HUD 2017 Annual Income Levels for Thurston County (60% AMI)

1-Person Household - \$32,100

2-Person Household - \$36,660

3-Person Household - \$41,220

4-Person Household - \$46,980

Max. Affordable Rent

- 80% AMI: \$1070/1-person HH \$1222/2-person HH \$1561/3-person HH
- 100% AMI: \$1471/1-person HH \$1680/2-person HH \$2153/3-person HH



Other Cities' Options

Seattle (12-year program)

- 20% of project units must be affordable:
 - 65% AMI studio
 - 75% AMI 1-bedroom
 - 85% AMI 2-bedroom
 - 90% AMI 3-bedroom

Vancouver

- 20% of units @ 100% AMI for 8-year
- 40% of units @ 80% AMI for 10-year
- 60% of units @ 60% AMI for 12-year



Other Cities' Options

Tacoma (12-year program)

- Current: 20% of units @ 80% AMI
- Proposed: 20% of units at 70% AMI

Everett (12-year program)

- Current: 20% of units @ 80% AMI
- Proposed: 100% of units @:
 - 80% AMI (rentals)
 - 115% AMI (ownership)



Other Cities' Options

Renton (12-year program)

– Current: 20% of units @:

- 80% AMI (rental)
- 120% AMI (ownership)

– Proposed: 20% of units @:

- 60% AMI (rental)
- 80% AMI (ownership)



Other MFTE Issues to Consider

- Short term rentals
- Limit or cap on eligibility of high-cost residential units
- Combined eligibility with impact fee waiver for low-income projects



Other Housing Production Tools

- ‘Buy-down’ of affordable units (with HOME Fund?)
- Credit enhancement/loan guarantee
- Reduced fees for plan review, permit fees, or utility fees
- Reduced infrastructure requirements
- Publicly-owned property (e.g., City property or partnership with other public or non-profit)
- Pre-approved building plans (site-built or modular)