



SEATTLE CITY COUNCIL
CENTRAL STAFF

CB 121055 MFTE Renewal Ordinance Discussion of Proposed Amendments

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HOUSING & HUMAN SERVICES COMMITTEE

AGENDA

- Review of MFTE Program and Proposed MFTE Renewal (Program 7) Legislation
- Timeline
- Discussion of Proposed Amendments

MFTE Program

- Available in all multi-family zones.
- 12-year exemption with voluntary extension for another 12 years at reduced AMI level.
- 25% of total units must be affordable at prescribed AMI levels (higher than state requirement), or 20% of total units if at least 8% of all units are 2 bedroom or more.
- Includes homeownership option- used exclusively by projects receiving OH funding for affordable housing.
- Current program sunsets September 10, 2025

Key Policy Changes included in CB 121055

- Income and rent limits for new projects
- Income and rent limits for MFTE extensions
- Allowing Conversion of Program 6 projects to new Program 7
- Adding new definition/designation for “alternate” bedrooms
- Removal of Sunset Date

Income and Rent Limits for New Projects

- Income limits are the same as P6 for congregates, studios, and three bedrooms, but increased for one and two bedrooms
- Even for units where income limits stayed the same, rent increased because Program 7 uses a rent chart tied directly to AMI (not modified).

	Program 6 (Current Law)	Program 7 (Proposed) ⁴	Market-Rate Rents ⁵
Congregate	40% (\$965)	40% (\$1,100)	\$1,106
Studio ≤ 320 SF ⁶	40% or 50% AMI (\$965 or \$1,207)	50% AMI (\$1,375)	\$1,416
Studio > 320 SF	60% AMI (\$1,448)	60% AMI (\$1,650)	\$1,817
One Bedroom Alternative	n/a (would have been regulated as studio or one-bedroom)	65% AMI (\$1,915)	Market-rate rent data unavailable
One Bedroom Standard	70% AMI (\$1,810)	75% AMI (\$2,209)	\$2,604
Two Bedroom	85% AMI (\$2,638)	90% AMI (\$3,181)	\$4,159
Three Bedroom	90% AMI (\$3,228)	90% AMI (\$3,676)	\$5,928

4. Maximum Allowed rents include rent, required fees and utilities.

5. CoStar for buildings built between 2020-2025 includes utilities, as computed by the Seattle Office of Planning and Community Development

6. For Program Six, studios at or below 320 square feet would have been regulated as Small Efficiency Dwelling Units (SEDUs)

Income and Rent Limits for MFTE Extensions

- Under Program 6, properties extending their tax exemption for an additional 12 years had income and rent limits 10 percentage points below what is required for newly constructed properties.
- Under proposed Program 7, rent limits in extending properties would be five percentage points below or 10 percentage points below new properties, depending on unit type.

	Program 6 Properties with Extended MFTE	Program 7 Properties with Extended MFTE ⁷	Market-rate rents ⁸
Congregate	30% (\$724)	35% (\$962)	\$952
Studio ≤ 320 SF ⁹	30% or 40% (\$724 or \$965)	45% (\$1,237)	\$1,106
Studio > 320 SF	50% (\$1,207)	55% (\$1,512)	\$1,728
One Bedroom Alternative	n/a (would have been regulated as studio or one-bedroom)	60% AMI (\$1,767)	Market-rate rent data unavailable
One Bedroom Standard	60% (\$1,552)	70% (\$2,062)	\$2,224
Two Bedroom	75% (\$2,328)	80% (\$2,828)	\$2,942
Three Bedroom	80% (\$2,869)	80% (\$3,268)	\$4,029

7. Maximum Allowed rents include rent, required fees and utilities.

8. CoStar for buildings built between 2020-2025 includes utilities, as computed by the Seattle Office of Planning and Community Development

6. For Program Six, studios at or below 320 square feet would have been regulated as Small Efficiency Dwelling Units (SEDUs)

Allowing Conversion of P6 MFTE projects to P7

- MFTE Program 7 would allow projects that have applied to Program 6 but have not yet received final certification to elect to convert to Program 7
- 32 projects have applied for the P6 program
- 7 projects have received final certificate of tax exemption and are in lease up of units
- 25 are either in permitting or under construction and have not received final certificate

Adding New Definition for “Alternative” Bedrooms

MFTE Program 7 establishes definitions for standard bedroom and new definition for “alternative bedroom” for purposes of establishing income and rent limits:

Standard bedroom: an area with four floor-to-ceiling walls with natural light and ventilation provided by a window that opens to the outside.

Alternative bedroom: an area with four walls and:

- a. Each wall must be at least 7 feet high
- b. At least two of walls must be floor-to-ceiling
- c. No more than one wall may be comprised partly or entirely of a sliding door.

Units with alternative bedrooms are regulated at a lower level than units with standard bedrooms. For example, an alternative one-bedroom is regulated at 65% AMI and a standard one-bedroom is regulated at 75% AMI.

Sunset Date

- Historically, MFTE has had a sunset date of every 4-5 years, and Council has needed to take action to reauthorize and continue the program.
- MFTE Program 7 would eliminate the sunset date, and includes direction for program evaluation on a regular basis and considering changes after 4 years if:
 - The program has not achieved its established purpose
 - Housing market conditions have changed substantially
 - The “opt-in rate” has changed substantially or
 - State law governing the program has changed

Next Steps

Action	Timeline
Committee discussion of proposed amendments	Today
Committee vote on amendments and legislation	9/22
Full Council Vote	9/30