



SEATTLE CITY COUNCIL
CENTRAL STAFF

MFTE Policy Considerations & Timeline

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HOUSING & HUMAN SERVICES COMMITTEE

8/13/25

AGENDA

- Policy Considerations
 - Rent moderator
 - Income and rent limits for new projects
 - Income and rent limits for extending projects
 - Sunset Date
 - Cost impacts
- Timeline & next steps

Policy Consideration: Rent Moderator (1 of 5)

- MFTE Program 6 capped the increase in maximum allowable rent for MFTE units at 4.5% or the percent change in rent published by OH from the prior year, whichever was less.
 - The rent cap applied to all MFTE units (new, occupied, and at turnover).
 - P6 had its own income and rent limit tables, separate from those used for MFTE properties with agreements prior to P6.
 - Consequently, P6 limits are 14% lower than income and rent limits used for other MFTE programs, even when regulated at the same income limit (i.e. 60% Area Median Income).
- The proposed MFTE Program 7 would cap the increase in maximum allowable rents to 7% plus inflation, up to 10%, or the percent change in rent published by OH from the prior year, whichever is lower.
 - This is the same rent cap as HB 1217, except the moderator would apply to units in new buildings, not just buildings older than 12 years.
 - It would apply to lease-renewing tenants, not at unit turnover or new units.
 - Consequently, Program 7 uses the same rent chart as MFTE properties prior to Program 6, tied directly to Area Median Income (AMI) and not modified.

Policy Consideration: Income and Rent Limits for New Projects (2 of 5)

- Income limits stayed the same for congregates, small studios, studios and three bedrooms.
- Income limits increased for one bedrooms 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)**
Congregate	40% (\$965)	40% (\$1,100)
Studio ≤ 320 SF*	40% or 50% AMI (\$965 or \$1,207)	50% AMI (\$1,375)
Studio > 320 SF	60% AMI (\$1,448)	60% AMI (\$1,650)
One Bedroom	70% AMI (\$1,810)	75% AMI (\$2,209)
Two Bedroom	85% AMI (\$2,638)	90% AMI (\$3,181)
Three Bedroom	90% AMI (\$3,228)	90% AMI (\$3,676)

* In Program 6, these would have been regulated as Small Efficiency Dwelling Units (SEDUSO).

*For the proposed Program 7, rent and income limits shown here are for units with all standard bedrooms. Income and rent limits are lower for units with alternative bedrooms.

*** Rent limits are 30% of the income assumed for the unit, and reflect rent, utility costs and required fees. Actual rent a property owner can charge may be lower, if tenant pays some or all utilities directly.

Policy Consideration: Income and Rent Limits for Properties with MFTE Extensions (3 of 5)

- 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
Congregate	30% (\$724)	35% (\$962)
Studio ≤ 320 SF	30% or 40% (\$724 or \$965)	45% (\$1,237)
Studio > 320 SF	50% (\$1,207)	55% (\$1,512)
One Bedroom	60% (\$1,552)	70% (\$2,062)
Two Bedroom	75% (\$2,328)	80% (\$2,828)
Three Bedroom	80% (\$2,869)	80% (\$3,268)

*Rent limits are 30% of the income assumed for the unit, and reflect rent, utility costs and required fees. Actual rent a property owner can charge may be lower, if tenant pays some or all utilities directly.

Policy Consideration: Sunset Date (4 of 5)

- 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.
- The proposed Program 7 would eliminate the sunset date, and includes direction for program evaluation on 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

Policy Considerations (5 of 5)

- There are two types of costs impacts related to MFTE, forgone (lost) revenue and shifted taxes.
- In 2024, forgone revenue was \$39.4 million across all taxing jurisdictions, with City of Seattle accounting for half of that amount.
- The cost of Seattle's MFTE program to a Seattle homeowner in 2024, assuming Seattle's median assessed home value of \$804,000, is approximately \$145 of additional property taxes.

Timeline & Next Steps

Action	Timeline
Executive Presentation and Central Staff Overview of Policy Considerations	8/13 Housing and Human Services Committee
Amendment Concepts Due	9/3
Committee vote on amendments and legislation	9/10
Full Council Vote	9/16 or 9/23

*MFTE Program 6 sunsets on September 10, 2025

Questions?