

## CB 121055 - Multi-family Tax Exemption Reauthorization Ordinance Proposed Amendments Packet

Housing and Human Services Committee  
Wednesday, September 10, 2025

| No. | Short title   | Sponsor | Pg. |
|-----|---|---------|-----|
| 1   | Increase income and rent limit for alternative one bedroom units in new projects  | Solomon | 2   |
| 2   | Establish separate income and rent limits for units under 400 square feet with at least one bedroom   | Rinck   | 4   |
| 3   | Add or amend administrative rules regarding income verification and selection of MFTE units to meet comparability and distribution requirements | Nelson  | 6   |
| 4   | Eliminate Low-Income Housing Replacement Requirement  | Solomon | 7   |
| 5   | Allow projects approved under MFTE Program 6 that have received Final Certificate in 2025 to convert to Program 7                               | Solomon | 9   |
| 6   | Make technical corrections in distribution and comparability section  | Solomon | 11  |
| 7   | Make technical corrections to rent moderator language for purposes of clarity   | Nelson  | 13  |
| 8   | Decrease income and rent limits for smaller units in extending properties   | Saka    | 16  |
| 9   | Increase income and rent limit for MFTE studio units in extending properties  | Solomon | 18  |
| 10  | Allow MFTE extension projects to retain existing MFTE units and unit classifications  | Solomon | 20  |
| 11  | Extend date for expiring MFTE projects to apply for 12-year extension   | Solomon | 22  |
| 12  | Add additional reporting requirements   | Saka    | 24  |
| 13  | Establish an MFTE Program Sunset Date   | Saka    | 26  |

**Amendment 1 Version 1 to CB 121055 Multifamily Tax Exemption Program (MFTE)  
Reauthorization Ordinance**

**Sponsor:** Councilmember Solomon

Increase income and rent limit for alternative one bedroom units in new projects

**Effect:** This amendment would increase the affordability limit (and related rent) for alternative one bedrooms in new MFTE buildings from 65% of Area Median Income (AMI) to 70% of AMI. The maximum rent for an alternative one bedroom regulated at 65% AMI is \$1,915 and at 70% AMI is \$2,062. There is not a good source for market-rate rents for alternative one-bedrooms, so it is not possible to compare MFTE rents against market rents for this unit type.

Amend Section 2, 5.73.040.B.4 of CB 121055 as follows:

4. The income and rent limits for MFTE units are as follows:

| <u>Unit type for rent limit</u>              | <u>Number of standard bedrooms</u> | <u>Number of alternative bedrooms</u> | <u>Affordability limit (Percentage of median income)</u> |
|--|------------------------------------|---------------------------------------|--|
| <u>Congregate sleeping room</u>              | <u>0</u>                           | <u>0</u>                              | <u>40%</u>   |
| <u>0-bedroom/Studio ≤ 320 square feet</u>    | <u>0</u>                           | <u>0</u>                              | <u>50%</u>   |
| <u>0-bedroom/Studio &gt; 320 square feet</u> | <u>0</u>                           | <u>0</u>                              | <u>60%</u>   |
| <u>1-bedroom</u>                             | <u>0</u>                           | <u>1</u>                              | <del>65</del> <u>70%</u>                                 |
| <u>1-bedroom</u>                             | <u>1</u>                           | <u>0</u>                              | <u>75%</u>   |
| <u>2-bedroom</u>                             | <u>0</u>                           | <u>2</u>                              | <u>80%</u>   |
| <u>2-bedroom</u>                             | <u>1</u>                           | <u>1</u>                              | <u>85%</u>   |
| <u>2-bedroom</u>                             | <u>2</u>                           | <u>0</u>                              | <u>90%</u>   |

| <u>Unit type for rent limit</u> | <u>Number of standard bedrooms</u> | <u>Number of alternative bedrooms</u> | <u>Affordability limit (Percentage of median income)</u> |
|---------------------------------|------------------------------------|---------------------------------------|--|
| <u>3-bedroom</u>                | <u>0</u>                           | <u>3 or more</u>                      | <u>85%</u>   |
| <u>3-bedroom</u>                | <u>1</u>                           | <u>2 or more</u>                      | <u>85%</u>   |
| <u>3-bedroom</u>                | <u>2</u>                           | <u>1 or more</u>                      | <u>90%</u>   |
| <u>3-bedroom</u>                | <u>3 or more</u>                   | <u>0</u>                              | <u>90%</u>   |

The rent for an existing eligible tenant in an MFTE unit may not increase by more than the annual maximum rent increase determined and published by the Washington State Department of Commerce in compliance with chapter 59.18 RCW, or the increase in the affordable rent limits posted by the Director from the previous year, whichever is less. This provision does not prohibit an owner from increasing the rent to the affordable rent limit posted by the Director after a tenant vacates and the tenancy ends.

**Amendment 2 Version 1 to CB 121055 – Multifamily Tax Exemption Program (MFTE)  
Reauthorization Ordinance**

**Sponsor:** Councilmember Rinck

Establish separate income and rent limits for units under 400 square feet with at least one bedroom

**Effect:** This amendment would establish a separate designation, and income limit, for units that are at or below 400 square feet and have at least one standard or alternative bedroom.

Amend Section 2, 5.73.040 A(4) of CB 121055 as follows:

4. The income and rent limits for MFTE units are as follows:

| <u>Unit type for rent limit</u>   | <u>Number of standard bedrooms</u> | <u>Number of alternative bedrooms</u> | <u>Affordability limit (Percentage of median income)</u> |
|---|------------------------------------|---------------------------------------|--|
| <u>Congregate sleeping room</u>   | <u>0</u>                           | <u>0</u>                              | <u>40%</u>   |
| <u>0-bedroom/Studio</u><br><u>≤ 320 square feet</u>   | <u>0</u>                           | <u>0</u>                              | <u>50%</u>   |
| <u>0-bedroom/Studio</u><br><u>&gt; 320 square feet</u>  | <u>0</u>                           | <u>0</u>                              | <u>60%</u>   |
| <u>1 or more bedrooms</u><br><u>(whether standard or alternative)</u><br><u>≤ 400 square feet</u> | <u>N/A</u>                         | <u>N/A</u>                            | <u>60%</u>   |
| <u>1-bedroom</u><br><u>&gt; 400 square feet</u>   | <u>0</u>                           | <u>1</u>                              | <u>65%</u>   |
| <u>1-bedroom</u><br><u>&gt; 400 square feet</u>   | <u>1</u>                           | <u>0</u>                              | <u>75%</u>   |

|   |                  |                  |            |
|---|------------------|------------------|------------|
| <u>2-bedroom</u><br><u>&gt; 400 square feet</u> | <u>0</u>         | <u>2</u>         | <u>80%</u> |
| <u>2-bedroom</u><br><u>&gt; 400 square feet</u> | <u>1</u>         | <u>1</u>         | <u>85%</u> |
| <u>2-bedroom</u><br><u>&gt; 400 square feet</u> | <u>2</u>         | <u>0</u>         | <u>90%</u> |
| <u>3-bedroom</u><br><u>&gt; 400 square feet</u> | <u>0</u>         | <u>3 or more</u> | <u>85%</u> |
| <u>3-bedroom</u><br><u>&gt; 400 square feet</u> | <u>1</u>         | <u>2 or more</u> | <u>85%</u> |
| <u>3-bedroom</u><br><u>&gt; 400 square feet</u> | <u>2</u>         | <u>1 or more</u> | <u>90%</u> |
| <u>3-bedroom</u><br><u>&gt; 400 square feet</u> | <u>3 or more</u> | <u>0</u>         | <u>90%</u> |

The rent for an existing eligible tenant in an MFTE unit may not increase by more than the annual maximum rent increase determined and published by the Washington State Department of Commerce in compliance with chapter 59.18 RCW, or the increase in the affordable rent limits posted by the Director from the previous year, whichever is less. This provision does not prohibit an owner from increasing the rent to the affordable rent limit posted by the Director after a tenant vacates and the tenancy ends.

### Amendment 3 Version 1 to CB 121055 – Multi-family Tax Exemption Reauthorization Ordinance

**Sponsor:** Council President Nelson

Add or amend administrative rules regarding income verification and selection of MFTE units to meet comparability and distribution requirements.

**Effect:** This amendment would do the following:

- 1) Require the Office of Housing (OH) to publish a Director's Rule regarding the process for selecting MFTE units that meets the comparability and distribution requirements under the proposed Program 7. The goal of the Director's Rule would be to provide predictability and certainty regarding selection of MFTE units, as early in the MFTE process as possible, while recognizing that projects change from initial permit application to completion and that some level of detail involved with determining comparability may not be available until the project is complete. OH would be required to publish the Director's Rule by March 31, 2026.
- 2) Require OH to update program policies to allow a streamlined income verification approach that includes a process for tenant self-certification

Add a new section to CB 121055 as follows and renumber subsequent sections as necessary:

#### Section 5.

- A. The Office of Housing shall publish a Director's Rule, no later than March 31, 2026, that describes the process for selecting MFTE units for purposes of meeting distribution and comparability requirements found in Seattle Municipal Code subsection 5.73.040.B.5. The Director's Rule shall strive to provide as much certainty and predictability as is feasible regarding unit selection, as early in the MFTE process as possible, while recognizing that some level of detail involved with determining comparability and distribution may not be available until the project is complete.
- B. The Office of Housing shall publish an updated version of its Affordable Housing Incentives Program Compliance Manual by December 31, 2025, with a streamlined income verification approach regarding necessary documentation and a process for tenant self-certification that would apply to the Multifamily Tax Exemption Program.

## Amendment 4 Version 1 to CB 121055 – Multifamily Tax Exemption Program (MFTE) Reauthorization Ordinance

Sponsor: Councilmember Solomon

Eliminate Low-Income Housing Replacement Requirement

**Effect:** This amendment would eliminate the requirement that projects seeking to use the MFTE program for redevelopment replace units serving low-income households in an existing building that would be demolished and on which a new building utilizing the MFTE program would be built. Under the current MFTE code, developers who want to utilize MFTE are required to provide replacement units if, during the 18 months prior to application for the land use permit or building permit for the project, any unit in the building to be demolished is occupied by a household at or below 50% AMI. The replacement unit requirement is on a one-to-one basis (so for each household at or below 50% AMI, one replacement unit must be provided) and is in addition to the required MFTE units.

It is unknown what impact the replacement requirement has had on a developer's decision to utilize MFTE. Developers may choose to avoid using MFTE on a project that involves demolition of an existing residential building.

Amend Section 2, 5.73.040 A (3) as follows:

Delete Subsection 3 and renumber remaining subsections accordingly

~~3. If at any time during the 18 months prior to application for the land use permit for the project or, if a land use permit is not required, prior to application for the building permit for the project, any dwelling unit in a building containing four or more dwelling units on the project site is occupied by a tenant or tenants ((receiving or)) eligible to receive a tenant relocation assistance payment under Chapter 22.210 (regardless of whether the assistance is received), and such building has been or will be demolished, the ((Owner)) owner shall agree, on terms and conditions satisfactory to the Director, to provide replacement dwelling units equal to the number of tenants ((receiving or)) eligible to receive a tenant relocation assistance payment under Chapter 22.210; ((subject to the following requirements: a.)) For the duration of the tax exemption under this Chapter 5.73, replacement dwelling units shall be leased at affordable rents to households with annual incomes at or below 50 percent of median income. ((b.)) Replacement dwelling units may be provided as part of the multifamily housing, or at another location through new construction of multifamily housing or through substantial~~

~~improvements to vacant multifamily housing, or through the preservation of multifamily housing that is leased at the date of application for a land use permit for the project or, if a land use permit is not required, at the date of application for the building permit for the project, to tenants with household annual incomes at or below 50 percent of median income.~~



## Amendment 5 Version 1 to CB 121055 – Multi-family Tax Exemption (MFTE) Reauthorization Ordinance

Sponsor: Councilmember Solomon

Allow projects approved under MFTE Program 6 that have received a Final Certificate in 2025 to convert to Program 7

**Effect:** This amendment would allow projects that had submitted an application under Program 6, and received a Final Certificate in 2025, to convert to Program 7. CB 121055 already allowed projects with applications submitted under prior versions of MFTE, but no Final Certificate, to convert to Program 7.

The assumption is that all property owners would choose to do so, because income limits are higher for one- bedrooms and two-bedroom units in P7. Because projects that have received a Final Certificate are leased up, at least partially, there may be some tenants who already signed a lease with the expectation that their unit would be regulated at a certain level as long as they remain eligible and in the unit. This amendment would grandfather in existing tenants at the same income level as Program 6. When the unit turned over, the Program 7 income levels would take effect.

Amend Section 2, 5.73.060.H as follows:

H.

1. If, on the effective date of this ordinance, an owner has submitted a valid MFTE application under a prior version of the MFTE program and has not yet received a Final Certificate, the owner may opt to convert the application to the most current MFTE program at any point before issuance of the Final Certificate.

2. An owner who in 2025 receives, or has received, a Final Certificate under Ordinance 125932 may opt to convert to the most current MFTE program. If that project has already leased some or all MFTE units, the affordable rents under Ordinance 125932 shall remain in effect for any eligible household in an MFTE unit until the household vacates the unit, provided the household's lease was in effect prior to the effective date of this ordinance.



Amendment 6 Version 1 of CB 121055 - Multifamily Tax Exemption Program (MFTE) Renewal Ordinance

Sponsor: Councilmember Solomon

Make technical corrections in distribution and comparability section

**Effect:** This amendment would make corrections to the numbering for comparability factors. This is a technical correction only; there is no substantive effect of this amendment. This amendment would also change the term “market-rate” unit to “unrestricted” unit, thereby making terminology for what non-MFTE units are called consistent throughout the legislation.

Amend Section 2, 5.73.040 B 5 (b) of CB 121055 as follows:

5. Distribution and comparability

a. Distribution. MFTE units shall be distributed in each structure that comprises the multifamily housing as follows:

1) If the percentage of MFTE units set-aside is 25 percent, then no more than 30 percent of the units on a floor shall be MFTE units. If the percentage of MFTE units set-aside is 20 percent, then no more than 25 percent of the units on a floor shall be MFTE units; or

2) On the middle floor(s), excluding any levels with structured parking, and on floors equally above and below the middle floor(s), provided that no more than one-half of the total units on any given floor are MFTE units.

b. Comparability. MFTE units shall be generally comparable to the standard ~~market rate~~ unrestricted units in each structure that comprises the multifamily housing in terms of the following:

1) Number of bedrooms and bathrooms;

2) Bedroom type (standard or alternative);

~~3~~3) Accessibility (e.g., Type A units);

~~3~~4) Net unit area measured by square feet (must be within 95 percent of standard ~~market rate~~ unrestricted unit size);

~~4~~5) Access to the building’s common amenity areas;

56) Basic functionality, which means MFTE designated units should generally be comparable in function and include the same features and finishes as the standard ~~market-rate unrestricted~~ units. Premium features and finishes associated with units designed to secure higher rents than the standard ~~market-rate unrestricted units~~ should not be used to assess comparability; and

67) Term of the lease.

# Amendment 7 Version 1 to CB 121055 - Multi-Family Tax Exemption Program 7 Reauthorization

**Sponsor:** Council President Nelson

Make technical corrections to rent moderator language for purposes of clarity

**Effect:** This amendment would 1) move some of the rent moderator language so that all rent moderator language is in the same place in the ordinance 2) add a more specific reference to RCW 59.18 now that that House Bill 1217 has been codified into the RCW 3) make other edits for purpose of providing additional clarity, including that rents published by the Office of Housing (OH) must be tied to median income as published by the Department of Housing and Urban Development.

Amend subsections 5.73.040.B.4 and 5.73.040.B.6 of CB 121055 as follows:

## 4. The income and rent limits for MFTE units are as follows:

| <u>Unit type for rent limit</u>              | <u>Number of standard bedrooms</u> | <u>Number of alternative bedrooms</u> | <u>Affordability limit (Percentage of median income)</u> |
|--|------------------------------------|---------------------------------------|--|
| <u>Congregate sleeping room</u>              | <u>0</u>                           | <u>0</u>                              | <u>40%</u>   |
| <u>0-bedroom/Studio ≤ 320 square feet</u>    | <u>0</u>                           | <u>0</u>                              | <u>50%</u>   |
| <u>0-bedroom/Studio &gt; 320 square feet</u> | <u>0</u>                           | <u>0</u>                              | <u>60%</u>   |
| <u>1-bedroom</u>                             | <u>0</u>                           | <u>1</u>                              | <u>65%</u>   |
| <u>1-bedroom</u>                             | <u>1</u>                           | <u>0</u>                              | <u>75%</u>   |
| <u>2-bedroom</u>                             | <u>0</u>                           | <u>2</u>                              | <u>80%</u>   |
| <u>2-bedroom</u>                             | <u>1</u>                           | <u>1</u>                              | <u>85%</u>   |
| <u>2-bedroom</u>                             | <u>2</u>                           | <u>0</u>                              | <u>90%</u>   |

| <u>Unit type for rent limit</u> | <u>Number of standard bedrooms</u> | <u>Number of alternative bedrooms</u> | <u>Affordability limit (Percentage of median income)</u> |
|---------------------------------|------------------------------------|---------------------------------------|--|
| <u>3-bedroom</u>                | <u>0</u>                           | <u>3 or more</u>                      | <u>85%</u>   |
| <u>3-bedroom</u>                | <u>1</u>                           | <u>2 or more</u>                      | <u>85%</u>   |
| <u>3-bedroom</u>                | <u>2</u>                           | <u>1 or more</u>                      | <u>90%</u>   |
| <u>3-bedroom</u>                | <u>3 or more</u>                   | <u>0</u>                              | <u>90%</u>   |

~~The rent for an existing eligible tenant in an MFTE unit may not increase by more than the annual maximum rent increase determined and published by the Washington State Department of Commerce in compliance with chapter 59.18 RCW, or the increase in the affordable rent limits posted by the Director from the previous year, whichever is less. This provision does not prohibit an owner from increasing the rent to the affordable rent limit posted by the Director after a tenant vacates and the tenancy ends.~~

\* \* \*

## 6. Cap on rent increases

a. Affordable rent for an MFTE unit occupied by an eligible household may not increase annually by more than the following, whichever is lower:

- 1) The percentage change in affordable rent limits published by the Office of Housing, as based on median income, compared to the previous year; or
- 2) The maximum rent increase determined and published by the Washington State Department of Commerce under RCW 59.18.700, regardless of when a certificate of occupancy was issued.

b. Subsection 5.73.040.B.6.a does not prohibit an owner from increasing the affordable rent to the rent limit allowed for the MFTE unit according to subsection 5.73.040.B.4 after a tenant vacates and the tenancy ends.

c. ~~Any~~ The annual rent cap ~~established~~ on affordable rent increases under Ordinance 125932 ~~or previous ordinances~~ shall remain in ~~place effect~~ for ~~all existing tenants with a lease in effect prior to the effective date of this ordinance and shall remain in place as long as the tenant continues to lease the MFTE designated unit~~ any eligible household in an MFTE unit until the household vacates the unit, provided the household's lease was in effect prior to the effective date of this ordinance.

## Amendment 8 Version 1 to CB 121055 - Multi-Family Tax Exemption Program 7 Reauthorization Ordinance

**Sponsor:** Councilmember Saka

Decrease income and rent limits for smaller units in extending properties.

**Effect:** This amendment would decrease the income limits for smaller units (one bedrooms and smaller) for properties that want to extend their tax exemption for another 12 years.

Under both Program 6 and Program 7, properties that reach the end of their initial 12-year tax exemption have the option to extend for another 12 years. Under Program 7, rent limits for extending projects would be five percent below what is required for newly constructed projects for congregates, studios, and one-bedrooms and ten percentage points below for two and three bedrooms. Program 6 required all units in extending properties to be regulated at ten percentage points below what was required of newly constructed projects. This amendment would require that congregates, studios and one-bedrooms be regulated ten percentage points below what was required of newly constructed projects. There would be no change to income limits for two and three bedrooms. See table below for more information on the exact income limits proposed.

|                    | Program 6 Extension         | Proposed Program 7 Extension Rents | Proposed Amendment Extension Rents | Market-Rate Rents (CoStar) |
|--------------------|-----------------------------|------------------------------------|------------------------------------|----------------------------|
| Congregate         | 30% (\$724)                 | 35% (\$962)                        | 30% (\$825)                        | \$952                      |
| Studio ≤ 320 SF[3] | 30% or 40% (\$724 or \$965) | 45% (\$1,237)                      | 40% (\$1,100)                      | \$1,106                    |
| Studio > 320 SF    | 50% (\$1,207)               | 55% (\$1,512)                      | 50% (\$1,375)                      | \$1,728                    |
| One Bedroom        | 60% (\$1,552)               | 70% (\$2,062)                      | 65% (\$1,915)                      | \$2,224                    |
| Two Bedroom        | 75% (\$2,328)               | 80% (\$2,828)                      | 80% (\$2,828)                      | \$2,942                    |
| Three Bedroom      | 80% (\$2,869)               | 80% (\$3,268)                      | 80% (\$3,268)                      | \$4,029                    |

Amend 5.73.090.C.5.a as follows:

~~((2-A))~~ 5. If the MFTE extension application is approved, a new ~~((contract))~~ MFTE agreement shall be executed and recorded on the title of the property that includes the



multifamily housing committing the owner to requirements according to this Chapter 5.73, except that:

a. MFTE units shall be ~~((promptly))~~ leased at affordable rents to eligible households with annual incomes ~~((at or below 30 percent of median income for compact units in multifamily housing that also includes units larger than compact units, at or below 40 percent of median income for compact units in multifamily housing with no units larger than compact units, at or below 50 percent of median income for studio units, at or below 60 percent of median income for one bedroom units, at or below 75 percent of median income for two-bedroom units, and at or below 80 percent of median income for three bedroom and larger units.))~~ five ten percentage points lower than the limits according to subsection 5.73.040.B.4; not to exceed 80 percent median income per RCW 84.14.020; and

## Amendment 9 Version 1 to CB 121055 Multifamily Tax Exemption (MFTE) Reauthorization Ordinance

Sponsor: Councilmember Solomon

Increase income and rent limit for MFTE Studio units in extending properties

**Effect:** Under the proposed Program 7, units in extending projects would be regulated five percentage points below what is required for new projects, except for two and three bedrooms which would be regulated ten percentage points below in order to achieve compliance with state law. Under the proposed Program 7, studios greater than 320 square feet (SF) in newly constructed projects utilizing MFTE are regulated at 60% AMI (\$1,650) and studios greater than 320 F in units in properties extending for twelve years are regulated at 55% AMI (\$1,512).

The assumption underlying the different rent limits for new versus extending projects is that, assuming everything else is equal, units in buildings that are 13-25 years older will rent for less than units in brand new buildings. The analysis of CoStar market-rate rents provided in Central Staff's MFTE Policy Consideration memo supports this assumption. This amendment would regulate studios in extending properties at 60% AMI, so that studios in extending and newly constructed buildings would be regulated at the same level. Based on an analysis of CoStar market-rate rental data, studios regulated at 55% AMI would be about \$216 below market-rate rents. Studios regulated at 60% AMI would be \$78 below market-rate rents.

Amend Section 2, 5.73.090.C.5(a) of CB 121055 as follows:

~~((2-A))~~ 5. If the MFTE extension application is approved, a new ((contract)) MFTE agreement shall be executed and recorded on the title of the property that includes the multifamily housing committing the owner to requirements according to this Chapter 5.73, except that:

a. MFTE units shall be ~~((promptly))~~ leased at affordable rents to eligible households with annual incomes ~~((at or below 30 percent of median income for compact units in multifamily housing that also includes units larger than compact units, at or below 40 percent of median income for compact units in multifamily housing with no units larger than compact units, at or below 50 percent of median income for studio units, at or below 60 percent of median income for one-bedroom units, at or below 75 percent of median income for two-bedroom units, and at or below 80 percent of median income for three-bedroom and larger units-))~~ five percentage points lower than the limits according to subsection 5.73.040.B.4, ~~not to~~ except that the limits may not exceed 80 percent of median income per RCW 84.14.020 and studios greater than 320 square feet are regulated at 60 percent of median income; and



Amendment 10 Version 1 to CB 121055 – Multifamily Tax Exemption Program (MFTE)  
Reauthorization Ordinance

Sponsor: Councilmember Solomon

Allow MFTE extension projects to retain existing MFTE units and unit classifications

**Effect:** This amendment would allow owners of MFTE projects seeking a 12-year extension of the MFTE tax exemption to elect to retain the existing MFTE designated units and unit classification. The proposed Program 7 creates a new definition for an alternative bedroom. MFTE rents for alternative one-bedrooms would be at 65%, so higher than a studio (60%) but lower than a standard one-bedroom (75%). All other MFTE program versions did not distinguish alternative one-bedrooms in this way and regulated alternative one bedrooms as either as studios or one bedrooms. If this amendment passed, units with alternative bedrooms in extending projects could opt to continue to be regulated under their original designation (i.e. an alternative one-bedroom would be regulated as a standard one bedroom at the higher AMI).

Additionally, under some prior MFTE programs there was less emphasis placed on distribution and comparability, so in older projects MFTE units may not be comparable to market-rate units (for example in terms of size) and may be clustered in certain areas of the building (for example on the bottom floors). If this amendment passed, the property owner would not be required to select a new mix of MFTE units to meet current comparability and distribution standards.

Overall, the impact of this amendment would likely be to increase the value of the MFTE exemption to extending properties owners and decrease the public benefit provided. That is because property owners would not have to regulate alternative one-bedrooms at the lower level required under Program 7 or because they can continue to designate units as MFTE that would likely generate lower market-rate rents due to location or features.

Amend subsection 5.73.090.C.5 as follows:

~~((2-A))~~ 5. If the MFTE extension application is approved, a new ((contract)) MFTE agreement shall be executed and recorded on the title of the property that includes the multifamily housing committing the owner to requirements according to this Chapter 5.73, except that:

c. The owner or owner representative may elect to retain the existing MFTE units and unit classification. If an existing tenant is found to be no longer an eligible household per Section 5.73.105, the requirements in Section 5.73.105 regarding identification of another comparable unit apply.

## Amendment 11 Version 1 to CB 121055 – Multi-family Tax Exemption Reauthorization Ordinance

**Sponsor:** Councilmember Solomon

Extend date for expiring MFTE projects to apply for 12-year Extension

**Effect:** This amendment would do three things: 1) For MFTE projects expiring in 2025, extend the application deadline for a 12 year extension from May 1, 2025 to November 1; and 2) Allow all projects expiring in 2025 to apply for an extension under Program 7 terms, even if they had already submitted an extension application under Program 6 terms 3) Allow extending projects until June 30, 2027 to become compliant with Program 7 terms.

Under the current MFTE code, projects with tax exemptions that expired on December 31, 2025 had until May 1, 2025 to apply if they wanted to extend for another twelve years. Seven projects applied for an extension by that deadline and eleven did not. Additionally, those projects that applied by May 1, 2025 applied under Program 6 terms, which had lower income and rent limits for extending projects than those proposed in Program 7. If this amendment passed, all projects expiring in 2025 would have the opportunity to apply for an extension under Program 7, both those that had already applied under Program 6 terms and those that had not applied at all by the May 1, 2025 deadline.

Under both Program 6 and the proposed Program 7, all tenants in MFTE units must submit income certification documentation annually. However, properties expiring in 2025 were approved under older versions of the program in which income qualification happened only at time of initial application. As such, it is a time intensive process for property owners to income qualify tenants and for OH to review the property owner's application to confirm compliance with the new requirements. For projects submitted an extension application for the first time on November 1, it is unlikely that the income qualification and OH approval process would be complete by December 31, 2025. This would mean that OH would likely have to issue a Final Certification by December 31 (so the tax exemption would continue in 2026) without being able to confirm that the property was in full compliance with Program 7 terms. Under the proposed amendments, owners would have an additional 6 months to achieve compliance with Program 7 terms, until June 30, 2027.

Amend Section 2, 5.73.090.C.1 of CB 121055 as follows:

~~((D-))~~ C. Extended property tax exemption

1. ~~((As authorized by RCW 84.14.020(6), the Director may approve))~~ The owner may apply for an extended exemption of the value of ((renter-occupied)) qualifying multifamily rental housing ((qualifying under this Chapter 5.73)) from ad valorem property taxation for up to a total of 12 successive years beginning January 1 of the year immediately following the calendar year that

the original 12-year exemption expires according to subsection 5.73.090.A ((if the owner is in compliance with the MFTE agreement for the property's initial 12-year exemption from property taxes for the multifamily housing according to subsection 5.73.090.A and that exemption expires on December 31, 2025, provided that:)) if the Office of Housing receives an application to extend MFTE for an additional 12 years, on a form provided by the Office of Housing, no later than May 1 of the scheduled expiration year, **except owners with exemptions expiring in 2025 may apply to extend MFTE by November 1, 2025 under the requirements of this ordinance. Property owners with exemptions expiring in 2025 must achieve full compliance with the requirements of this ordinance by June 30, 2027.**

**Amendment 12 Version 1 to CB 121055 – Multifamily Tax Exemption Program (MFTE)  
Reauthorization Ordinance**

**Sponsor:** Councilmember Saka

Add additional reporting requirements

**Effect:** This amendment would add several pieces of information that would be included in the annual MFTE report that the Office of Housing (OH) submits to the City Council. This information would enhance the City Council’s understanding of the tenants served by the program and the public benefits associated with the MFTE program. The proposed legislation establishing Program 7 includes annual reporting requirements. This amendment would add several more.

Amend Section 2, 5.73.130 of CB 121055 as follows:

**5.73.130 ((Annual report)) Office of Housing annual report to City Council**

A. The Office of Housing shall report annually by June 30 to the City Council on ((the)) MFTE program ((as follows)) performance for the prior calendar year, including the following information:

~~((A. Annually in June, the Office of Housing will report on MFTE applications, including project types, sizes, locations, unit mixes, and MFTE set asides, and will analyze rent data for both market rate and MFTE Units in multifamily housing for which a Final Certificate is issued. The Director will also annually report on the value of the tax exemption granted, changes))~~

1. Initial MFTE applications by project type, size, location, unit mix, estimated MFTE units, and cumulative information for each MFTE program version since MFTE inception;

2. Final Certificates issued by project type, size, location, unit mix, estimated MFTE units and cumulative information for each MFTE program version since MFTE inception.

3. The “opt-in” rate for MFTE participation, calculated by the number of multifamily buildings that received a Final Certificate of Tax Exemption for the MFTE program divided by the total number of multifamily buildings that receive a Certificate of Occupancy or equivalent in that year, broken down by building type (including but not limited to low-rise, mid-rise, and high-rise). The report shall also note the number of units provided by the MFTE buildings and the non-participating buildings. The opt-in rate should also be calculated separately for MFTE extensions, calculated by the number of buildings that apply for an extension divided by the total MFTE agreements expiring;



4. Average rent and vacancy rates for unrestricted units and MFTE units with active Final Certificates by unit type for each building;

5. Information on the buy-down between market rate units and restricted rents and the ratio of the value of the property tax exemption as compared to the rent buy-down;

56. Total value of the property tax exemptions, estimates of foregone tax revenue and shifted taxes, and the estimated cost to an owner of a median value home in Seattle. Foregone estimates shall be for all taxing jurisdictions and for The City of Seattle specifically;

7. Income and demographic information on tenants in the MFTE program, including cost burden;

68. Changes in ((the)) housing market conditions and activity<sup>7</sup>; and

79. ((changes)) Changes to State law ((related)) that relate to the MFTE program and labor standards.

## Amendment 13 Version 1 to CB 121055 Multi-family Tax Exemption Reauthorization Ordinance

**Sponsors:** Councilmember Saka

**Co-Sponsor:** Councilmember Rinck

Establishing an MFTE program sunset date

**Effect:** This amendment would establish a sunset date of September 1, 2029, for the MFTE program. This would require the City Council to re-authorize the MFTE program by the sunset date. The proposed legislation establishing Program 7 does not include a sunset date for the program but suggests regular evaluation of the program to inform potential future amendments. All prior MFTE programs have required a sunset date that results in rigorous review of the program and consideration of the need for changes to the program reflective of what is happening in the broader real estate market. Prior programs generally established a sunset date on a four-year cycle which mirrored early noted changes in the real estate market.

Amend Section 2, 5.73.120 of CB 121055 as follows:

### 5.73.120 Expiration of the City's MFTE program

~~((Except for extension of property tax exemptions))~~ The City's MFTE program as authorized ~~((in subsection 5.73.090.D, the tax exemption program established))~~ by this Chapter 5.73 shall ~~sunset on September 10, 2025-1, 2029-unless extended by the City Council by ordinance. After the program sunsets, continue until the authority granted by chapter 84.14 RCW expires, after which~~ no new MFTE applications ~~((under Section 5.73.050))~~ shall be accepted. ~~Pending Conditional Certificates and Final Certificates shall be processed as provided according to this Chapter 5.73.~~