

# Multi-Family Property Tax Exemption Incentive (MFTE)

## APPLICABILITY

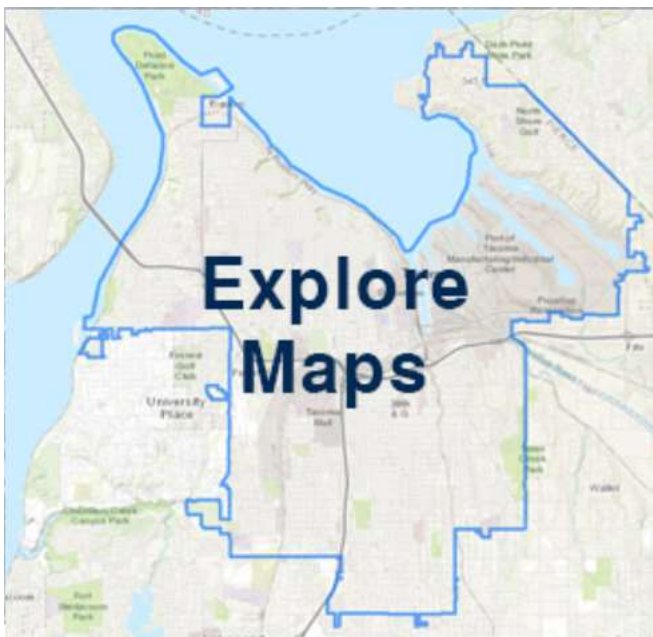
The Multi-Family Property Tax Exemption (MFTE) is available for multi-family housing on sites when:

- A minimum of 4 new units are be constructed, rehabilitated (if vacant for one year or more), created through conversion of a commercial structure, or added to existing occupied multifamily housing, **AND**
- The site is located within an eligible area

A redevelopment project should not displace existing tenants. Residential units proposed for rehabilitation or redevelopment need to provide existing tenants with 120 days move notice and relocation assistance should they qualify as low income.

To determine if the site is located in an eligible area, use the City's online DART map at [www.tacomapermits.org](http://www.tacomapermits.org)

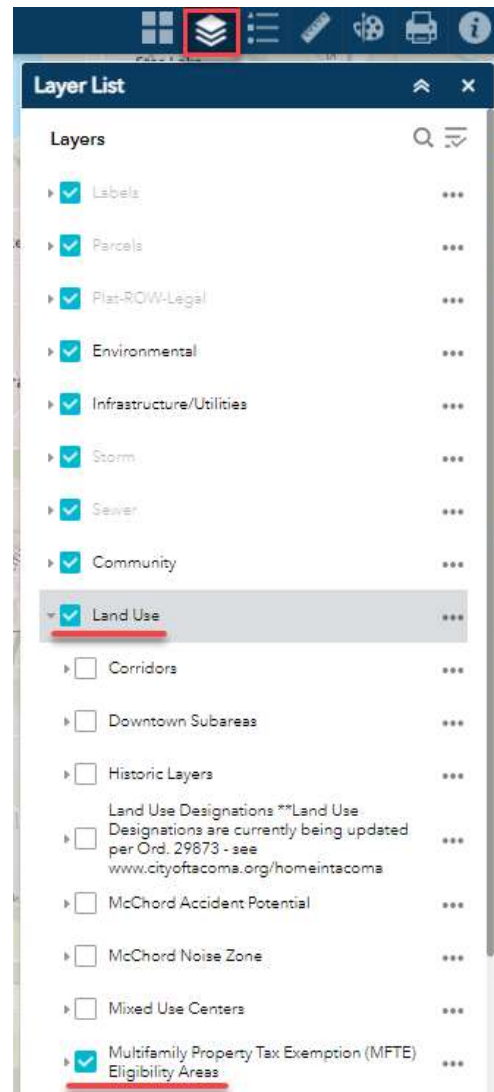
1. Click Explore Maps



2. Choose DART Map



3. Open the Layers List, Check the Land Use Dropdown box, and the MFTE layer.



*Note: This Tip Sheet does not substitute for codes and regulations.*

*The applicant is responsible for compliance with all codes and regulations, whether or not described in this document.*

**More information: City of Tacoma, Planning and Development Services | [www.tacomapermits.org](http://www.tacomapermits.org) (253) 591-5030**

To request this information in an alternative format or a reasonable accommodation, please call 253-591-5030 (voice).

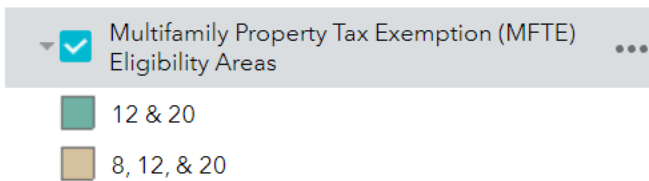
TTY or STS users please dial 711 to connect to Washington Relay Services.

# Multi-Family Property Tax Exemption Incentive (MFTE)

4. Enter the Address in the upper left corner of the screen.



5. Areas eligible for the 12-year and 20-year MFTE (affordable housing options) are highlighted in green. Areas eligible for the 8-year MFTE (market rate), as well as the 12-year and 20-year MFTE are highlighted in brown.



## 8-YEAR OPTION VS 12-YEAR OPTION

- An **8-year property tax exemption** can be granted to any projects in an eligible area where 4 new units are be constructed, rehabilitated (if vacant for one year or more), created through conversion of a commercial structure, or added to existing occupied multifamily housing.
- The **12-year property tax exemption** is only granted to projects in which 20% of the newly created units are designated as affordable housing. These projects must also meet the same criteria as the 8-year MFTE projects (4 units, eligible area).
- The **20-year property tax exemption** must provide **permanent** affordability for 20% of the units. This can be done through a partnership with a government agency or a non-profit.

All of these options exempt property taxes on the *assessed improvements*. (Assessed land value and commercial portions are still taxed.)

## AREA MEDIAN INCOME

Area Median Income (AMI) is published annually by the Department of Housing and Urban Development.

[Income Limits | HUD USER](#)

- The household renting the affordable unit must have an income of 70% or less of the Pierce County AMI, adjusted for family size
- A **rental unit** is determined to be affordable when the rental rate is no greater than 30% of 70% of the Pierce County AMI.  $AMI \times .7 \times .3 = \text{max rental rate}$
- A **unit for sale** is determined to be affordable when it is available to homebuyers with household incomes no greater than 115% of the AMI.

20% of the newly created units must meet the criteria above to be considered for the 12-year property tax exemption.

## APPLICATION PROCESS AND QUALIFYING CRITERIA

Applications for the MFTE program must be submitted via the online portal used for permitting.

<https://aca-prod.accela.com/TACOMA/Default.aspx>



[Continue Application »](#)

There is an application fee ranging from \$1,000 to \$5,000 depending on project size/number of units. **Applications must be submitted and approved before building permits are issued.**

## ADDITIONAL QUESTIONS OR CONCERNS

Please contact Debbie Bingham for additional information regarding the MFTE program.

Debbie Bingham, Project Manager  
Community & Economic Development  
253-591-5117, [dbingham@cityoftacoma.org](mailto:dbingham@cityoftacoma.org)



*Note: This Tip Sheet does not substitute for codes and regulations.*

*The applicant is responsible for compliance with all codes and regulations, whether or not described in this document.*

**More information: City of Tacoma, Planning and Development Services | [www.tacomapermits.org](http://www.tacomapermits.org) (253) 591-5030**

To request this information in an alternative format or a reasonable accommodation, please call 253-591-5030 (voice).

TTY or STS users please dial 711 to connect to Washington Relay Services.