



**TO:** Elizabeth Pauli, City Manager  
**FROM:** Pat Beard, Interim Director, Community and Economic Development Department  
**COPY:** Government Performance and Finance Committee (GPFC); D’Angelo Baker, Management Fellow; Andy Cherullo, Finance Director  
**PRESENTER:** Debbie Bingham, Program Manager, Community and Economic Development  
**SUBJECT:** Multifamily Property Tax Exemption Program (MFTE)  
**DATE:** July 16, 2024

**PRESENTATION TYPE:**  
Informational briefing.

**SUMMARY:**

On November 9, 2021, the City Council adopted Resolution 40866 which outlined changes to the City of Tacoma’s Multifamily Property Tax Exemption Program and required that the program and the changes be reviewed in three years. This presentation will begin that review.

**BACKGROUND:**

On June 22, 2021, after a discussion on proposed Ordinance #28770 to eliminate the eight-year MFTE in mixed-use centers designated "very high" opportunity based on the City's Equity Index in order to increase the amount of affordable housing in the more expensive areas of the city, the City Council referred an examination of the entire program to GPFC for review and recommendation to the full City Council. On December 14, 2021, amended Ordinance #28798 was passed by the City Council which implemented several changes to the program:

1. Expansion of the 12-year and 20-year MFTE to residential target areas of Neighborhood Commercial Nodes along transit and existing mid-scale residential on corridors as defined through the Home in Tacoma Program (“HIT”) process, and authorization of the 20-year MFTE in mixed use centers;
2. Expansion of the 12-year and 20-year MFTE to areas rezoned as “midscale” through the HIT process, once the rezoning is complete;
3. Implementation of elements of Senate Bill 5287 (Chapter 187, Laws of 2021) required in order to take action:
  - a. Approval of the use of a 20-year MFTE for approved projects
  - b. Allowing applications for 12-year extensions for projects under current exemption, if affordability is maintained or added
  - c. Allowing for approval of extra time to finish projects affected by COVID-19
4. Requiring the 12-year and 20-year MFTE affordability level to be 70 percent of Pierce County Family Median Income;
5. Requiring projects in residential target areas of Neighborhood Commercial Nodes along transit and existing mid-scale residential on corridors, which are located on a corner, must include at least 30 percent of the first floor as commercial space, built per commercial building code and subject to the design standards of the applicable zoning district.

**ISSUE:**

At this meeting, staff will provide an informational briefing on how the changes have affected the outcome of the program’s use.



**ALTERNATIVES:**

This is an informational briefing. There are no alternatives.

**FISCAL IMPACT:**

This is an informational briefing. There are no alternatives.

**RECOMMENDATION:**

This is an informational briefing. There are no alternatives.