



TO: Hyun Kim, Interim City Manager
FROM: Council Member John Hines and Christina Caan, Policy Analyst
COPY: City Council and City Clerk
SUBJECT: Ordinance to amend Tacoma Municipal Code Chapter 6A.110 regarding property tax exemptions for multi-family housing – September 30, 2025
DATE: September 17, 2025

SUMMARY AND PURPOSE

An ordinance to amend Tacoma Municipal Code Chapter 6A.110 regarding property tax exemptions for multi-family housing.

COUNCIL SPONSORS

Council Member John Hines, Deputy Mayor Kiara Daniels, Council Member Sarah Rumbaugh, and Council Member Joe Bushnell

LEGISLATIVE INTENT

The Government Performance and Finance Committee (GPFC) has completed its mandated review of the Multi-Family Tax Exemption (MFTE) program. While economic conditions are not ripe for major changes to the MFTE program, GPFC has identified several updates that will help ensure our community continues to benefit from this tool. These updates aim to ensure the MFTE program contributes to greater housing density, expands affordable housing, bolsters housing stability for lower income renters, and further nurtures economic development and investment in Tacoma. Our recommendations include:

- Increase the minimum number of units required for the 8-year MFTE from 4 to 20 units per project to boost greater housing density and incentivize use of the 12-year MFTE;
- Allow households to continue to qualify as low-income or moderate-income for the purposes of the MFTE unless the household's income exceeds 90 percent of Pierce County AMI to better support housing stability and wealth-building for renters;
- Add a requirement that for properties applying for an extension, the affordable units must rent for at least 10 percent less than the market rate units to meet affordable housing needs;
- Remove census tracts 53053061300 and 53053061400 from eligibility for the 8-year MFTE due to high-risk of displacement;¹
- Expand Community and Economic Development Department's efforts to share and centralize outreach resources for property owners and community members to help get renters into MFTE units quickly; and
- Launch an additional GPFC review of the MFTE program in 2028 to continue honing the program to meet the City's evolving needs. The 2028 review should include efforts to evaluate pathways for expanding unit

¹ [ANTI-DISPLACEMENT STRATEGY - FINAL.pdf](#)



size to better accommodate families and a review of the 8-year MFTE in additional census tracts that are at high risk of displacement.

Background: The MFTE Program provides limited 8, 12, or 20-year exemptions from ad valorem property taxation for multi-family housing in Residential Target Areas. In 2022, the City expanded eligible areas where the 12-year exemption is allowed to be used, lowered the household income level to 70 percent of Pierce County AMI as published by HUD each year, added a 20-year option for projects that provide permanent affordability, and adopted the option for extending an exemption for an additional 12 years if affordability is added.² The citywide rezoning that occurred through Home in Tacoma further expanded mid-scale zoning and the areas in which the MFTE can be used.³

- The 8-year property tax exemption can currently be granted to any projects in an eligible area where 4 new units are being 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 granted to projects in which 20 percent of the newly created units are designated as affordable housing. These projects must also meet the same criteria as the 8-year MFTE projects.
- The 20-year property tax exemption must provide permanent affordability for 25 percent of the units. This must be done through a partnership with a government agency or a non-profit.

ORDINANCE

This ordinance would amend Tacoma Municipal Code Chapter 6A.110 regarding property tax exemptions for multi-family housing.

COMMUNITY ENGAGEMENT

City Council Resolution 40866, which passed in 2021, required GPFC to review the MFTE program within three years.⁴ This required review process launched in 2024, and GPFC has since held several informational meetings with City staff from the Community and Economic Development Department and the Center for Strategic Priorities to evaluate implementation of the program.⁵ Public comment from community members has been included in these meetings. In addition, Council Member John Hines convened a roundtable with community stakeholders to discuss their experiences using the MFTE program. GPFC voted unanimously on August 5, 2025 to advance this proposal to a full City Council discussion. On September 16, 2025, Council discussed the proposal at Study Session.

Equity and Accessibility: By allowing households to continue to qualify as low-income or moderate-income when renewing their lease for an MFTE unit until their income exceeds 90 percent of Pierce County's AMI, the program would be helping to foster much needed housing stability in our community. Housing stability, in turn, contributes to broader positive community health and economic development outcomes. In addition, by requiring properties

² [Tax Incentives - MultiFamily Property Tax Exemption Program | City of Tacoma](#)

³ [Home in Tacoma Zoning Regulations | City of Tacoma](#)

⁴ [City of Tacoma - File #: RES40866](#)

⁵ [City of Tacoma - File #: 24-0759](#); [City of Tacoma - File #: 24-1194](#); [City of Tacoma - File #: 25-0053](#)



applying for an extension to ensure that their affordable units rent for 10 percent less than the market rate units, the program would better contribute to building our community's access to affordable housing.

Civic Engagement: *Equity Index Score:* Moderate Opportunity

Increase the percentage of residents who believe they are able to have a positive impact on the community and express trust in the public institutions in Tacoma.

Livability: *Equity Index Score:* Moderate Opportunity

Decrease the percentage of individuals who are spending more than 45% of income on housing and transportation costs.

Economy/Workforce: *Equity Index Score:* Moderate Opportunity

Increase the percentage of people relocating to the city and affordability of housing compared to neighboring jurisdictions.

Decrease the number of vacant properties downtown and in the neighborhood business districts.

ALTERNATIVES

Alternative	Positive Impacts	Negative Impacts
Do not update MFTE program.	The MFTE program will continue to help drive economic development and housing creation in Tacoma.	The MFTE program would miss opportunities to contribute to long-term housing stability for lower income residents, further bolster economic development, and expand access to affordable housing.

EVALUATIONS AND FOLLOW UP

If approved, the Community and Economic Development Department will continue to provide MFTE updates to GPFC and City Council at regular intervals.

SPONSOR RECOMMENDATION

Sponsors recommend approving this ordinance.

FISCAL IMPACT

There is no fiscal impact.

What Funding is being used to support the expense?

N/A

Are the expenditures and revenues planned and budgeted in this biennium's current budget?

N/A

Are there financial costs or other impacts of not implementing the legislation?

NO



City of Tacoma

City Council Action Memorandum

Will the legislation have an ongoing/recurring fiscal impact?

NO

Will the legislation change the City's FTE/personnel counts?

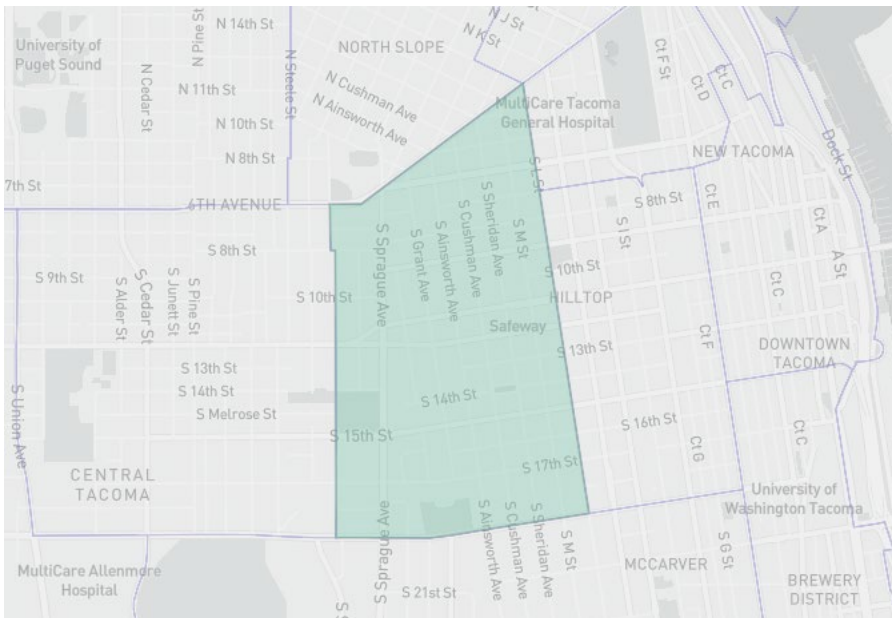
NO

Attachment: Map of census tracts proposed for removal from 8-year MFTE



Attachment: Map of census tracts proposed for removal from 8-year MFTE

1. Tract 53053061300 (Hilltop)



2. Tract 53053061400 (Hilltop and downtown)

