



Multifamily Property Tax Exemption (MFTE) Program

Government Performance and Finance Committee
June 17, 2025

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BACKGROUND



- Resolution 40866 required GPFC to launch a review of the MFTE program by 2024.
- GPFC has held three meetings with Community and Economic Development and Center for Strategic Priorities staff to review the program.
- Chair Hines hosted a roundtable with community stakeholders in April 2025 for feedback.

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AGENDA



- Review community stakeholder meeting.
- Discuss five proposed code updates.
- Discuss additional proposals and next steps for engaging City Council.

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STAKEHOLDER MEETING



- Met with around 20 community participants.
- All expressed strong support for MFTE program.
- Highlighted financial issues stoking uncertainty for housing development.
- Shared request for help for identifying and maintaining renters.
- Stressed that larger units are better suited to townhomes.

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PROPOSED UPDATE - A



Proposal: Increase the minimum number of units required for the 8-year MFTE from 4 to 20 units per project

- Use of 8-year MFTE already low.
- Offering 8-year MFTE with greater number of units may help increase housing density.

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PROPOSED UPDATE - B



Proposal: Expand Community and Economic Development Department's efforts to share and centralize outreach resources for property owners and community members to quickly utilize MTFE units.

- Developers and prospective renters need greater assistance being matched.
- Additional steps to share information could be part of CEDD's current workload.

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PROPOSED UPDATE - C



Proposal: Allow households to continue to qualify as low-income or moderate-income when renewing their lease for the purposes of the MFTE unless the household's income exceeds 90 percent of the established income limit.

- Residents can currently lose affordable units with only a minor pay raise.
- Allowing lease renewal would help renters build disposable income and/or savings and maintain housing stability.

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PROPOSED UPDATE - D



Proposal: Add a requirement that for properties applying for an extension, the affordable units must rent for 10 percent less than the market rate units.

- Step will help to ensure that affordability is maintained.

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PROPOSED UPDATE - E



Proposal: Launch an additional GPFC review of the MFTE program in 2028.

- Additional review in three years will allow reflection on the impact of current market and development issues.

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FISCAL IMPACTS



- CEDD can incorporate efforts to simplify and centralize outreach resources, as well as conduct another three-year review, in their workload.
- Allowing lease renewal: Small impact likely but impossible to predict how many MFTE renters will receive pay raises by 2028.
 - City staff could begin tracking this data for the 2028 review.
 - Increased savings and/or disposable income would likely have broader financial benefits for our economy and local businesses.

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 **NEXT STEPS**

- Any additional proposals?
- Advance a Council Consideration Request to Study Session on July 8 with proposed changes

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