



**CITY OF TACOMA, WASHINGTON  
OFFICE OF THE CITY COUNCIL  
COUNCIL CONSIDERATION REQUEST**

**TO:** Mayor and City Council  
**FROM:** Council Member John Hines and Christina Caan, Policy Analyst  
**COPIES TO:** Hyun Kim, City Manager; Chris Bacha, City Attorney  
**SUBJECT:** Ordinance to amend Tacoma Municipal Code Chapter 6A.110 regarding Property Tax Exemptions for Multi-Family Housing  
**DATE:** August 5, 2025

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**We ask for your support for an ordinance to amend Tacoma Municipal Code Chapter 6A.110 regarding Property Tax Exemptions for Multi-Family Housing.**

**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 use of the 12-year MFTE;
- 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;
- 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 the established income limit to better support housing stability and wealth-building for renters;
- Add a requirement that for properties applying for an extension, units need to meet the 70% AMI threshold and rents need to be 10% less than the market rate units; 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 size to better accommodate families.

**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 permanently affordability, and adopted the option for extending an exemption

**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. | The MFTE program will be unlikely to contribute to long-term housing stability for lower income residents and miss opportunities to 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 moving the ordinance forward for a first reading on [TBD].

**FISCAL IMPACT**

City staff in the Community and Economic Development Department could incorporate efforts to simplify and centralize outreach resources in their future workload without a new fiscal impact. Allowing some tenants to remain in affordable units despite small adjustments to their income may remove some affordable units from the market, although we cannot provide an estimate of the likely impact of this step because it is impossible to predict how many current tenants in MFTE units will receive pay raises by 2028. City staff could begin tracking this data so that at least a general average might be available for the 2028 review. It is also likely that helping tenants maintain stable housing while they increase savings and/or disposable income would have broader financial benefits our economy and local businesses.

**If you have a question related to the ordinance request, please contact Christina Caan, Policy Analyst, at (253) 219-0679 (phone) or [ccaan@tacoma.gov](mailto:ccaan@tacoma.gov).**

**SUBMITTED FOR COUNCIL CONSIDERATION BY:** \_\_\_\_\_

**Council Member John Hines**

**SUPPORTING COUNCIL MEMBERS SIGNATURES**

1. \_\_\_\_\_ POS# \_\_\_\_\_

2. \_\_\_\_\_ POS# \_\_\_\_\_

3. \_\_\_\_\_ POS# \_\_\_\_\_

**Mayor initials:**