

2019 Report on Property Tax Exemptions for Multifamily Housing in Urban Areas

2019 MFTE Program Highlights

In 2019, twelve cities issued multifamily tax exemption (MFTE) certificates, used in the development of 1,210 affordable units and 4,252 market rate units, and providing about \$11.8 million in property tax exemptions. Of 104 municipalities eligible to adopt and implement a MFTE program, 49 have a program.

2019 JLARC Report

In 2019, the Joint Legislative Audit Review Committee (JLARC) issued a [report on the MFTE program](#). The report found that since 2007 the program had been used in the production of 34,885 new housing units, with 21% of those designated as affordable. The report found that developers created housing using the MFTE, yet could not conclude whether this represents a net increase in development. JLARC made some recommendations for program changes, which are detailed in the report.

2020 Legislation

Several bills to amend the MFTE program were proposed in the 2020 legislative session: HB 2950, HB 2620, SB 6411, and HB 2746. Ultimately, the legislature passed [Substitute House Bill 2950](#), which extended property tax exemptions until Dec. 31, 2021 for properties that would have expired before that date. It also included a requirement that a multisector work group be established to study and make recommendations on the MFTE program. This study was vetoed due to the state budget shortfall associated with the coronavirus pandemic.



2019 Statistics

12 cities issued MFTE certificates

65 total certificates issued

1,210 affordable units created

4,252 market rate units created

\$11,773,176 in exempted property tax revenue for projects in year 1

\$2,155 average property tax exemption per unit for projects in year 1

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What is the MFTE Program?

The Multifamily Tax Exemption (MFTE) is a property tax exemption program, codified at [RW 84.14](#), to encourage multifamily housing development in designated "residential target areas" within a city or urban growth area. These residential areas must be in a compact urban district that lacks sufficient housing opportunities.

Cities may offer an 8- and/or 12-year property tax exemption on the value of the residential improvements for building or rehabilitating four or more units of multifamily housing. The 12-year exemption requires owners to offer at least 20% of their units as affordable housing. If an eligible city chooses to create a program, it may create requirements or restrictions in addition to those listed in statute.

Cities have the authority to approve and reject individual projects. Developers generally apply for a conditional certificate of tax exemption, and have a certain time period to complete the project. The tax exemption starts the year after the project is completed. The land and pre-improvement structures continue to be taxed.

Who Can Offer an MFTE Program?

Cities that are required to plan or choose to plan under the Growth Management Act are eligible to offer an MFTE program if:

- The city or town has a population of at least 15,000;
- It is the largest city or town in a county planning under the Growth Management Act in which there is no city or town with a population of at least 15,000; or
- It is a city or town with a population of at least 5,000 in a county subject to RCW 36.70A.215, which includes Clark, Kitsap, King, Pierce, Snohomish, Thurston and Whatcom counties. Pierce County is also eligible.



Example MFTE Web Pages

12-year

[Bellevue](#)

[Shoreline](#)

[Seattle](#)

8- & 12-year

[Bremerton](#)

[SeaTac](#)

[Spokane](#)

[Tacoma](#)

Data Tables

On the next pages are tables of data of exemptions issued by cities in 2019, a list of cities that have a program that did not issue certificates, and those that are eligible that do not have an MFTE program. The data comes from an annual survey from the Department of Commerce to jurisdictions eligible to adopt an MFTE program.



15 West Apartments on Mill Plain Blvd, Vancouver, WA

Which jurisdictions issued final MFTE certificates in 2019?

City name	8-yr certs	12-yr certs	Total certs	Affordable units	Market rate units	Total units	Tax exemption in year 1	Average annual tax exemption per unit
Bellingham	2	0	2	0	49	49	\$57,637	\$1,176
Edmonds	0	1	1	19	91	110	\$208,690	\$1,897
Kirkland	1	1	2	42	254	296	\$792,759	\$2,678
Lakewood	2	0	2	0	219	219	\$572,275	\$2,613
Olympia	1	0	1	0	48	48	\$37,315	\$777
Seattle	0	32	32	716	2,706	3,422	\$7,514,387	\$2,196
Shoreline	0	1	1	17	64	81	170,300	\$2102
Spokane	2	7	9	193	78	271	\$240,925	\$889
Tacoma	4	4	8	27	578	605	\$1,571,359	\$2,597
Vancouver	2	1	3	196	69	265	\$439,625	\$1,659
Wenatchee	2	0	2	0	72	72	\$152,915	\$2,124
Yakima	2	0	2	0	24	24	\$14,989	\$625
Totals	18	47	65	1,210	4,252	5,462	\$11,773,176	\$2,155

Which jurisdictions have an MFTE program, but did not issue certificates in 2019?

City Name	Past MFTE Projects?	2019 Projects?	City Name (Cont'd)	Past MFTE Projects?	2019 Projects?
AUBURN	YES	NO	PIERCE COUNTY	YES	NO
BELLEVUE	YES	NO	PORT ANGELES	NO	NEW PROGRAM
BLAINE	NO	NEW PROGRAM	PORT ORCHARD	YES	NO
BREMERTON	YES	NO	PORT TOWNSEND	NO	NO
BURIEN	YES	NO	PUYALLUP	NO	NO
CAMAS	NO	NO	REDMOND	NO	NO
COVINGTON	YES	NO	RENTON	YES	NO
ELLENSBURG	YES	NO	SEATAC	NO	NO
EVERETT	YES	NO	SNOHOMISH	NO	NEW PROGRAM
FEDERAL WAY	NO	NO	SNOQUALMIE	NO	NO
FERNDALE	NO	NO RESPONSE	SUMNER	NO	NEW PROGRAM
ISSAQUAH	NO	NO	TUKWILA	YES	NO
KENMORE	YES	NO	TUMWATER	NO	NO
LACEY	NO	NO	UNIVERSITY PLACE	YES	NO
LONGVIEW	NO	NO	WALLA WALLA	YES	NO RESPONSE
LYNNWOOD	NO	NO	WASHOUGAL	NO	NO RESPONSE
MARYSVILLE	NO	NO	WOODINVILLE	NO	NO
MOSES LAKE	YES	NO RESPONSE			

Which jurisdictions are eligible to have an MFTE program but do not have one at this time?

City Name	Have an MFTE program?	City Name (Cont'd)	Have an MFTE program?	City Name (Cont'd)	Have an MFTE program?
ABERDEEN	NO	FRIDAY HARBOR	NO RESPONSE	OAK HARBOR	NO
ANACORTES	NO	GIG HARBOR	NO	ORTING	NO
ARLINGTON	CONSIDERING	KENNEWICK	NO	PACIFIC	NO RESPONSE
BAINBRIDGE ISLAND	NO	KENT	EXPIRED 2019	PASCO	NO RESPONSE
BATTLE GROUND	NO	LAKE FOREST PARK	CONSIDERING	POMEROY	NO RESPONSE
BONNEY LAKE	NO	LAKE STEVENS	CONSIDERING	POULSBO	NO RESPONSE
BOTHELL	CONSIDERING	LYNDEN	NO	PULLMAN	NO RESPONSE
BRIER	NO	MAPLE VALLEY	NO	RAYMOND	NO RESPONSE
CENTRALIA	NO	MERCER ISLAND	REPEALED 2019	RICHLAND	NO
COLVILLE	NO	MILL CREEK	NO	RIDGEFIELD	NO
DAYTON	CONSIDERING	MILTON	NO	SAMMAMISH	NO
DES MOINES	NO	MONROE	CONSIDERING	SHELTON	NO RESPONSE
DUPONT	NO	MOUNT VERNON	NO	SPOKANE VALLEY	CONSIDERING
DUVALL	NO	MOUNTLAKE TERRACE	EXPIRED	STANWOOD	NO
EAST WENATCHEE	CONSIDERING	MUKILTEO	NO	STEILACOOM	NO
EDGEWOOD	NO	NEWCASTLE	NO RESPONSE	SULTAN	NO
ENUMCLAW	NO	NEWPORT	NO RESPONSE	SUNNYSIDE	NO
FIFE	CONSIDERING	NORMANDY PARK	NO	WEST RICHLAND	NEWLY ELIGIBLE FOR PROGRAM
FIRCREST	CONSIDERING	NORTH BEND	NO	YELM	NO