



Multi-Family Tax Exemption Program Overview

Purpose

- Encourage the development of multifamily housing opportunities within the city of Seattle.
- Stimulate the construction of new multifamily buildings, and the rehabilitation of vacant or underutilized buildings.
- Increase the supply of housing opportunities for moderate-wage workers.
- Assist in accomplishing the planning goals required under the Growth Management Act, by increasing the supply of multifamily housing opportunities in urban growth centers.
- Contribute neighborhood development and community revitalization.
- Preserve and protect buildings of historic and cultural significance.
- Encourage the creation of both rental and homeownership housing for moderate wage workers.
- Encourage the development of mixed-income housing.

Tax exemption benefits

- The tax exemption is available for residential improvements.
- Land and any non-residential component of the project (retail, commercial, office space, etc.) are not eligible for the exemption and will be taxed on full assessed value.
- The property tax exemption will remain in place for a maximum of 12 years, provided the property remains in compliance with the rules of the program.
- The tax exemption is transferable to a new property owner as long as the new owner continues to meet the compliance requirements.

Eligibility criteria and map of target areas

- The development site must be located within the boundaries of one of [39 Multifamily Property Tax Exemption Program target areas](#) (pdf format).
- The development must be a residential or mixed-use project with a minimum of 50% of the gross floor area for permanent residential use.
- New construction projects must have a minimum of 4 housing units.
- Rehabilitation or conversion projects must include the addition of at least 4 new housing units.
- Rehabilitation or conversion of existing buildings:
 - For vacant buildings, the residential portion shall have been vacant for at least 12 months prior to application.
 - For occupied buildings, there shall be no **displacement** as defined in [SMC Chapter 22.210.030](#).

Affordability requirements (See current income and rent limits below)

For rental projects; the tax exemption is available for all units, and

A minimum of 20% of the units must be rented to households with incomes:

- At or below 65% of median for studio units
- At or below 75% of median for 1-bedroom units
- At or below 85% of median for 2-bedroom and larger units

For homeownership projects; the tax exemption is available only for those units occupied by income-eligible households.

The units must be sold to households with income at time of purchase that do not exceed:

- 100% of median income for studio and 1-bedroom units
- 120% of median income for 2-bedroom and larger units

[Current income and rent limits table](#)

Code compliance and design review

- All applicable zoning, land use, and building codes must be complied with during construction and throughout the duration of the tax exemption period.
- If applicable, Special Review District, Landmark Preservation or Historic District certificates of approval or permits must be obtained.

APPLICATION PROCESS

Applications must be submitted to Seattle's Office of Housing prior to the issuance of a project's first building permit.

- [Seattle Multifamily Tax Exemption Program Application](#) - updated June 3, 2011

CODE REFERENCES

- [SMC 5.73](#): Multifamily Housing Property Tax Exemption Program

ANNUAL REPORTING

- [Multifamily Tax Exemption Program Annual Report form](#) (Excel format)
- [Multifamily Tax Exemption Program Current Income and Rent Limits](#)

RULES AND OTHER PUBLICATIONS

- [Directors Rule 01-2009](#): Calculation of Maximum Rent (PDF format)
- [2011 MFTE Program Annual Report](#)