

Multifamily Property Tax Exemption

The Multifamily Property Tax Exemption (“MFTE”) incentivizes development of multifamily residential projects in Residential Target Areas of the City of Tacoma. The incentive exempts qualifying projects from property taxes on the assessed improvement value for 8, 12 or 20 years depending on the level of affordability provided.

Project Eligibility: To be eligible a project must:

- include a minimum of 4 new multifamily housing units; and
- be located in a Residential Target Area, which includes:
 - 17 designated mixed-use centers
 - Areas zoned mid-scale residential along Key Corridors

A map of eligible locations can be found by clicking the layer for “Multifamily Property Tax Eligible Areas” at [DART map- City of Tacoma](#)

For a 12 year exemption: 20-percent of included units must be available at rents affordable at 70-percent of Pierce County Area Median Income (“AMI”) for 12 years

For a 20-year exemption: 25-percent of the included units must be permanently affordable

Application process:

Applications are accepted year-round and are submitted through the [Accela permitting portal](#).

- An application fee of \$1000 for 4 units plus \$100 for each unit above 4 units up to a maximum of \$5000 applies
- Applications must be submitted and approved by the Tacoma City Council prior to issuance of building permits
- Application must be made by the legal owner of the qualifying development property

Once the application process is complete, City staff reviews the application and provides a recommendation to approve or reject the application based on eligibility to the Tacoma City Council. Upon City Council approval the owner enters into a contract with the City of Tacoma, establishing specific guidelines for completion and acceptance of the project. If the owner sells the property after an exemption has been granted, the exemption transfers to the new property owner, staying with the property.

If approved, the applicant has 3 years to complete the housing project approved for the exemption. If timely completed, the exemption period begins the calendar year following the issuance of a temporary or permanent Certificate of Occupancy.

As part of Tacoma’s Affordable Housing Action Strategy, the MFTE program was updated effective March 14, 2022. The areas eligible for the 12-year MFTE were expanded and the threshold for eligibility was lowered to 70% of Pierce County AMI. The provision of a 20-year exemption for permanent affordability was added, as was an option for extending the 12-year exemption for an additional 12 years if affordability is added.

[City of Tacoma MFTE](#)