



Community Development Department

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MEMORANDUM

To: Community Development Committee
From: Emily Arteche, CD Director, AICP
Date: July 17, 2023
Subject: MFTE Update

BACKGROUND:

The Multifamily Housing Property Tax Exemption (MFTE) is a state law providing an 8 or 12-year property tax exemption on new, expanded, or updated multifamily housing. The exemption applies only to the residential portions of newly constructed improvements, not the value of the land, retail space, or existing improvements. Currently there are no exemptions identified in the SMC Chapter 3.10 MFTE. In 2021, the state legislature adopted significant amendments to RCW 84.14., i.e., the MFTE program.

The recently approved Mill Site development agreement requires that the residential area identified in the approved Planned Commercial/Industrial, PCI permit be eligible to apply for an MFTE. Staff scheduled draft Snoqualmie Municipal Code amendments addressing RCW 84.14, an implementing ordinance, and an adopting resolution for the committee to review at a forth coming meeting.

ANALYSIS:

The City's approved Housing Strategy Plan identifies MFTE as a promising way of "Incentivize New Rental Housing." Incentives for rental housing can include the Multi-Family Tax Exemption (MFTE), waiving or reducing impact fees, and density bonuses to incentivize affordable housing options. MFTE is described as a strategy that can be used citywide with a moderate to large scale of impact within a fairly near term timeline, i.e., 3 -years.

RCW 84.14 among other things, authorize local jurisdictions to designate target areas that would extend multifamily property tax exemptions for an additional 12 years if certain conditions are met, and provide for 20-year exemptions for qualifying housing. Although the city is not required to designate additional designated residential target areas for possible tax exemption the committee may wish to consider such areas to facilitate more affordable housing/work force housing.

Please see the link below for further information on the Housing Strategy Plan:

<https://www.snoqualmiewa.gov/DocumentCenter/View/36901/Snoqualmie-Final-Housing-Strategy-Plan-May-22-2023>

Next Steps

Discussion only.