



Image source apartments.com



2026 Multifamily Housing Tax Exemption Evaluation

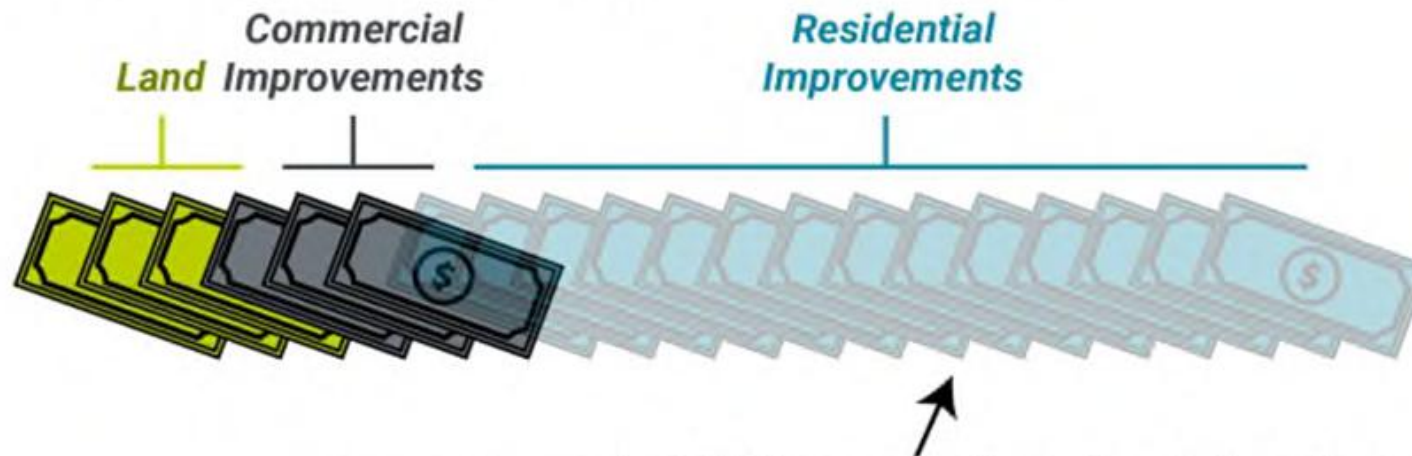
Planning Commission Briefing, January 13, 2026

Erika Smith-Erickson, Community Development

What is Multifamily Housing Tax Exemption?

- Limited property tax exemption for new construction and eligible conversion and rehabilitation projects
- Applies to approved residential improvements for a set period (8 or 12 years)

For the annual property taxes collected on a development...



...an exemption under MFTE removes the residential portion of property value from taxation for an eight- to 20-year period.

Tumwater's Multifamily Housing Tax Exemption Options

8-Year Program

- Allowed in Capitol Blvd Corridor and Brewery District
- Requires at least four new multifamily units
- No affordability requirements
- Three approved projects:
 - 350 North Apartments
 - Craft District Apartments
 - The Rookery

12-Year Program

- Allowed within Capitol Blvd Corridor, Brewery District, Town Center Subarea, and Littlerock Road Subarea
- Requires at least four new multifamily units
- Requires at least 20% of units to be rented or sold as affordable housing for households earning 80-115% of Area Median Income
- Two projects:
 - Kingswood Apartments
 - Yorkshire Apartments



Multifamily Housing Tax Exemption Evaluation Goals

Review program
performance and
state requirements

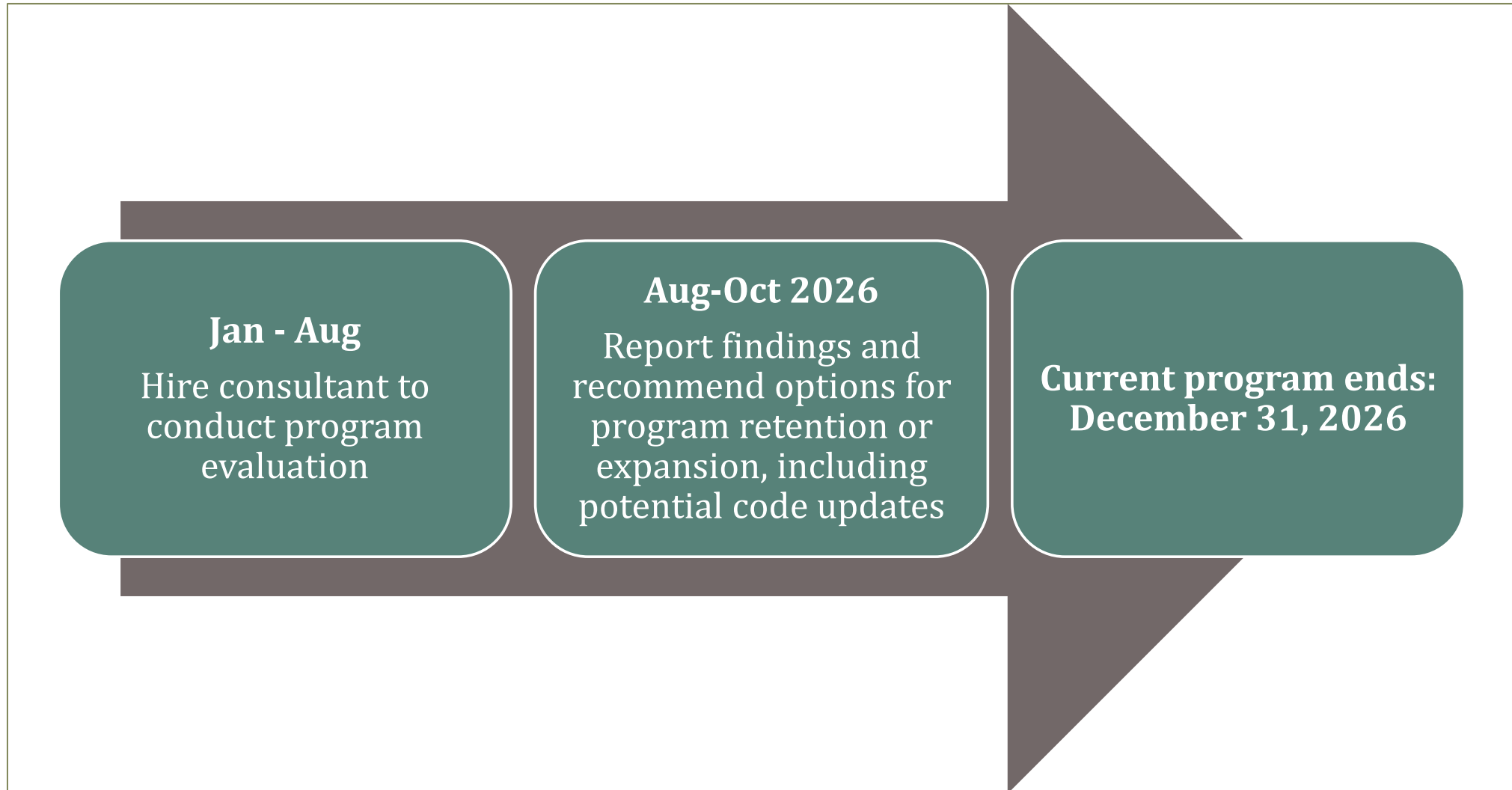
Assess target areas
and financial impacts

Identify potential
program changes and
coordination with
other housing tools

Recommend next
steps for program
extension (expires
December 31, 2026)



Next Steps



Thank you!

Comments and questions:

Community Development Department
555 Israel Road SW
Tumwater, WA 98501
Phone: 360-754-4180
Email: cdd@ci.tumwater.wa.us

