



What is the Multifamily Housing Property Tax Exemption (MFTE) Program?

The MFTE Program is a voluntary affordable housing incentive for new multifamily rental development. The MFTE provides a 12-year exemption from property taxes paid on the housing portion of qualifying projects in exchange for setting aside 20% of the units for income-eligible households for those 12 years.

- Ord. 6231 6/15/2015; amended Ord. 6400 02/05/18; amended Ord. 6582 06/28/21; Bellevue Code Chapter 4.52
- More information can be found on the [City of Bellevue MFTE webpage](#)

What projects are eligible for MFTE?

Any project located in an area that is zoned for multifamily use within the Land Use Code may be eligible. The following must also be met:

- Project is new construction, multifamily rental housing of at least 4 dwelling units.
- At least 50% of the new space is intended for permanent residential occupancy.
- The unit mix, configuration, quality and finishes of the affordable units are consistent with the project as a whole.
- Project does not result in existing subsidized affordable housing loss.
- Project is completed within three years or an extension period approved by the director.

Tax Exemption

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

Affordability Requirements

The baseline provisions require 20% of units to be offered at 80% AMI for 12 years. Additionally:

- If fewer than 15% of the units have two or more bedrooms, the requirements shift to *either* 25% of units at 80% AMI *or* 20% of units at 70% AMI (studios and 1-BRs) and 80% AMI (2-BRs and larger).
- A project may overlap land use incentive affordability with that required under MFTE. In these instances, the double-counted units must be 15% AMI deeper affordability.
- Affordable housing tenants must certify their income eligibility at the time of initial occupancy and annually thereafter.

Approval Process

- Application materials are submitted to the Community Development (CD) Department within 60 days of first building permit issuance, or later if approved by the CD Director. Include \$2500 application and \$539 assessor fees as separate checks to the City of Bellevue.
- If approved, the city will issue a Conditional Certificate of Acceptance for Tax Exemption.
- A Regional Coalition for Housing (ARCH) staff will prepare a tax exemption contract and regulatory agreement that will be recorded as a covenant running with the land.
- When the housing units are ready for occupancy, an application is submitted to CD for Final Certificate of Tax Exemption.
- If approved, the city will issue a Final Certificate to the King County Assessor, who will exempt the residential improvements from the taxable value of the property.

MFTE Contact Information

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2023 Income Guidelines* and Rental Costs**

Bedrooms	Household Size	Rent					Utility Allowance
		45% AMI	55% AMI	65% AMI	70% AMI	80% AMI	
Studio	1 persons	\$1,154	\$1,410	\$1,666	\$1,795	\$2,051	\$161
One	1.5 persons	\$1,236	\$1,511	\$1,785	\$1,923	\$2,198	\$191
Two	3 persons	\$1,483	\$1,813	\$2,143	\$2,307	\$2,637	\$235
Three	4.5 persons	\$1,714	\$2,095	\$2,476	\$2,666	\$3,047	\$288

* Based on the King County/Seattle-Bellevue Metro Median Income (4 persons): \$146,500

** Monthly rental cost includes rent, utilities, and other required expenses; Utility allowance (right) includes Electricity & Gas, Water-Sewer-Garbage, and Renter's Insurance. A separate chart breaking this down further can be provided to calculate cases where any of these utilities are not charged directly to tenants.

Administrative Practices

Owners work with ARCH to determine which units will be defined as MFTE units within a project. The mix of unit types, configuration, and size of Affordable Units must be substantially proportional to those of the total housing units in the project. Details regarding this process can be requested of ARCH staff, but in practice, this means the following:

- Fractional affordable units will be rounded up to the next whole number.
- The appropriate percentage of each unit type, including differentiation between “open” or “urban” configurations and traditional configurations, must be affordable. Open one-bedrooms will cost the same affordable rent as traditional one-bedrooms.
- The affordable units should be equivalent or greater in size to the smallest market-rate units of that type.
- Affordable units must be intermingled with market-rate units, but they are not required to be perfectly distributed. Generally, no more than 40% of a floor will be permitted to be affordable for a project requiring 20% affordability. The affordable units must therefore be distributed amongst at least half of the floors of a project.
- The affordable units must include similar quality of construction and finishes to the market-rate units.
- These additional requirements/facts apply regarding standard v urban/open bedrooms:
 1. “Basic unit types” are studios, “open/urban” one-bedroom units, “standard” one-bedrooms, “open/urban” two-bedrooms, “standard” two-bedrooms, etc.
 2. “Open/Urban” bedroom unit-types will be priced the same as standard bedroom unit-types but counted separately for purposes of unit mix.
 3. Standard and open one-bedroom and larger units have at least one bedroom with a window (i.e. outside egress), that has an interior closet, doors to close off the room from the rest of the unit, and floor area of at least 90 square feet with a minimum dimension of 8’-8”. ARCH staff may make exceptions if it can be shown that a bedroom with smaller dimensions is nevertheless adequate for two people.
 4. Non-Standard bedrooms (bedrooms without a window/outside egress) may be counted as a bedroom and qualify as an “open/urban” type, if the space meets all other requirements of criteria “c”, above.