

ADVOCACY ALERT

This **Tuesday, November 9**, City Council will review the multifamily tax exemption, a tool to encourage the creation of affordable housing. We have provided a brief summary and our perspective below.

Please write [council members](#) to express your support prior to the meeting and consider watching the meeting to see how the city is shaping this program for use in our community. Meetings are recorded and can be watched later. Click [here](#) to find agendas, minutes, and recordings.

Multifamily tax exemption (MFTE):

MFTE is used to encourage the development of affordable multifamily housing by granting a partial property tax exemption (for 8, 12, or 20 years in Washington). The exemption applies only to the portion of the development that is affordable.

The state requires that qualifying projects have a minimum percentage of permanently affordable units for low- and moderate-income households. Households earning at or below 80% area median income (AMI) count as low-income. Households earning 81% - 115% count as moderate-income. The 12-year program requires that 20% of the units be affordable to both low- and moderate-income households. The 20-year program requires that 25% be affordable to low-income households only. Read the full code [here](#).

Bainbridge is pursuing the 12- and 20-year programs in the Winslow Master Plan Study Area, the Winslow Sewer System Service Area, and the Lynwood Center Area: Neighborhood Center (NC), NC/R-12 and R-5 zones. On October 12, the city passed a motion to limit the 12-year program to low-income households (at or below 80% AMI). For homeownership projects, the city will require that 100% be sold to low-income households. The minimum project size will be four units.

Why HRB supports this measure:

Solving our housing shortage depends on the involvement of both nonprofit and commercial developers. However, low-income developments don't pencil out. There is a large gap between the income generated from affordable rent and what is needed to cover construction debt and operating costs. MFTE lowers the tax bill, thereby lowering operating costs. MFTE works with homeownership too, where the tax savings is passed on to the buyer. Lower monthly costs help the buyer qualify for a higher mortgage, as more income is available to pay off principal and interest.

Low-income families are not the only ones to benefit from an MFTE program on Bainbridge, where there is a shortage of housing across the income spectrum. The MFTE programs under consideration by the council facilitate multifamily construction that includes both market-rate and affordable homes, creating healthy, mixed-income communities. By distributing the high cost of land across multiple units, multifamily construction is inherently more affordable, benefiting those in higher income brackets as well. Furthermore, multifamily development in the proposed areas can reduce development pressures elsewhere on the island.



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