



September 2, 2025

Dear Seattle City Councilmembers:

The Seattle Renters' Commission opposes the proposed P7 reauthorization plan for Seattle's Multifamily Tax Exemption ("MFTE") program. While this plan was designed to ensure that developers can maintain high returns for their investors, renters—who make up more than half of Seattle's residents—were excluded from its development.

Accordingly, the Commission formally requests that the City Council extend the P6 plan for one year to allow for meaningful stakeholder engagement. Renters deserve to be recognized as key stakeholders when decisions about our housing access are being made.

The most concerning element of the P7 update is the removal of the sunset date. The Commission has identified several major issues with the MFTE program that P7 fails to address—and in some cases, worsens. The proposed guidelines for future updates do not resolve these concerns, and locking in this plan without a clear end date entrenches a costly property tax exemption for developers without ensuring meaningful benefits.

- **MFTE units are unaffordable for most renters.** According to the [MFTE Evaluation Final Report](#) from the University of Washington, the vast majority (85%) of renters living in MFTE units are cost burdened, paying more than 30% of their income each month in housing costs. One in four MFTE renters is *severely* rent burdened, with housing costs accounting for *more than half* of their monthly income. While HUD recognizes 30% as the ceiling of what is considered affordable, the MFTE program treats it as the floor.
 - Instead of addressing this issue, P7 raises the cap for rent increases from 4.5% (under P6) to 7% plus interest, up to 10%, allowing landlords to raise the rent on already cost-burdened renters by hundreds of dollars.
- **The MFTE program encourages development of very small units rather than housing that adequately meets the needs of the majority of the people in the workforce.** Seattle's new apartments are now the [smallest in the nation](#), and the UW Report states that the program has disproportionately produced 0- and 1-bedroom units.
 - Under P7, developers will be able to charge up to \$1,416/month for studios smaller than 320 square feet—just \$41/month less than market rate—while reaping the same benefit as those who build the two-bedroom apartments that our city needs.

- There is no minimum size for one-bedroom apartments under P7, so developers will be able charge up to \$2,209 for units that are smaller than 400 square feet.
- Properties extending their tax exemption for an additional 12 years under P7 will have income and rent limits for smaller units only 5 percentage points below what is required for newly constructed properties, whereas 2- and 3-bedroom units will be 10 percentage points below.
- **Income limits for renter programs should be decided based on the actual incomes of the renter population.** The MFTE program fails to account for the fact that HUD's AMI calculations include both homeowners *and* renters. Homeowner AMI is approximately \$181,000 per year, whereas renter AMI is only about \$79,000.
 - P7 increases the maximum AMI for 1-bedroom units up to 75% AMI (112% renter AMI) and for 2-bedroom units up to 90% AMI (161% renter AMI)
- **The MFTE program could have unforeseen impacts on social housing.** The Seattle Social Housing Developer was just established, and the voter-approved funding hasn't even started coming in. We don't yet know what challenges the Social Housing Developer will face or what it will be forced to compete with if these tax exemptions are locked in. Social housing, unlike market-rate housing, is permanently affordable and must be prioritized over developer profits.

If the Council is committed to actual equity in the MFTE re-authorization plan, renters must be part of this process. We call for extending the current plan, engaging renters in shaping P7, and committing to regular evaluations that center renters' needs—not just developer profits.

Sincerely,
The Seattle Renters' Commission