

## Affordable Middle-Income Housing Advisory Council

Multi-Family Tax Exemption Program Renewal DRAFT Position Statement | July 2, 2019

The Affordable Middle-Income Housing Advisory Council (Advisory Council) discussed the Multi-Family Tax Exemption Program (MFTE) at the May 20<sup>th</sup> and June 10<sup>th</sup> meetings to provide input to City staff on the program's renewal. In addition, an ad hoc working group met on June 11<sup>th</sup> to further refine the Advisory Council's input. This document summarizes the Advisory Council's feedback on program renewal.

Advisory Council members strongly support the MFTE program as the City's program for producing rental units that are affordable to middle-income households. Advisory Council members have expressed a strong desire to maintain or increase participation levels, and to make no changes that would impact participation and corresponding production of affordable units. Members believe that the current program is working well and should generally be renewed as is.

Advisory Council input can be summarized as follows:

- 1. Maintain affordability levels.** The City should maintain current affordability levels for low-rise and mid-rise buildings. Current affordability levels are 40% AMI for SEDUs, 65% AMI for studios, 75% for 1-bedrooms, 85% for 2-bedrooms and 95% AMI for 3-bedrooms.
- 2. Maintain the set-aside structure.** The City should maintain the current set-aside structure. Currently, the City requires a 25% set-aside, unless the project provides a minimum number of 2-bedrooms units, in which case the set-aside will decrease to 20%.
- 3. Add an Area Median Income (AMI) Moderator.** The City should amend the program to include an AMI moderator. Under this proposal, the program would continue to tie rent and income limits to the AMI. However, the new moderator would mitigate the impact of substantial increases or decreases of AMI on rent levels and provide predictability.
- 4. Make other administrative changes.** The City should consider other changes that can be implemented administratively, such as increased flexibility in unit location and additional opportunities for affirmative marketing.