

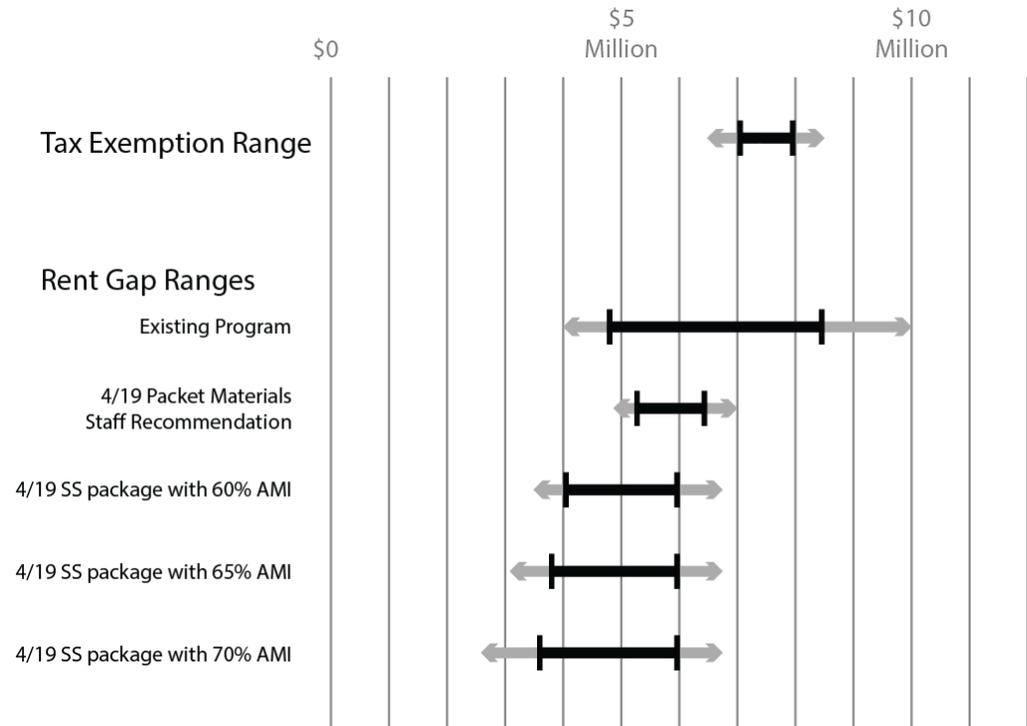
Program Package	Program Update Elements	Anticipated Future Utilization*	
Existing Program	<ul style="list-style-type: none"> • Located in specific areas of Downtown, BelRed, Wilburton, Crossroads, and Eastgate • 50-70% AMI depending on location • Units under 300SF in size must be offered at 45% AMI • Projects must include 15% of units as 2-bedrooms or larger • Overlapping with Land Use Code incentive units is permitted • Overlapping does not trigger additional requirements • Covenants include one parking space per affordable unit 	50-75 units per year	
April 19 Packet Materials Staff Recommendation Grey text represents no change from existing program	<ul style="list-style-type: none"> • Located in all multifamily-eligible areas of the City • 80% AMI across the City • Units under 300SF in size must be offered at 45% AMI • Projects must include 15% of units as 2-bedrooms or larger, unless deeper affordability (70% AMI) or more units (25% of total units) are offered as affordable • Overlapping with Land Use Code incentive units is permitted • Overlapping units must be offered at deeper affordability level: 50% AMI • Affordable rent totals would include a transportation allowance of approximately \$100/month for parking or transit use 	100-150 units per year	
April 19 th Study Session Package (Baseline of 65% AMI, but Council requested analysis from 60-70% AMI) Grey text represents no change from April 19 Staff Recommendation	<ul style="list-style-type: none"> • Located in all multifamily-eligible areas of the City • 80% AMI across the City • Units under 300SF in size must be offered at 45% AMI • Projects must include 15% of units as 2-bedrooms or larger, unless deeper affordability (70% AMI for studios and 1-bedrooms) or more units (25% of total units) are offered as affordable • Overlapping with Land Use Code incentive units is permitted • Overlapping units must be offered at deeper affordability levels as shown at right • Parking is not accommodated as part of affordable rent but, outside Downtown, is offered at a 30% discount to MFTE tenants • Affordable rents for returning MFTE tenants are capped at a 3% annual increase 	60% AMI for units overlapping with LUC	110-160 units per year
		65% AMI for units overlapping with LUC	110-160 units per year
		70% AMI for units overlapping with LUC	110-160 units per year

Above is a chart outlining the elements of each package as requested by Council. The anticipated utilization is calculated assuming around 700-1000 multi-family units are permitted each year. Each package anticipates a different utilization rate for how many of these projects will use MFTE. 20 percent of those units would then be made affordable under MFTE. This includes any units overlapping with LUC Incentives.

At right, staff have provided a graphic representation of the MFTE program’s potential balance between the tax exemption provided to the owner and the cost of providing affordability under the MFTE program. In order for an owner to feel comfortable utilizing MFTE, the tax exemption needs to be around 20% larger than the rent gap cost. Black areas represent the range for a typical project while the grey arrows represent the full range, including outliers.

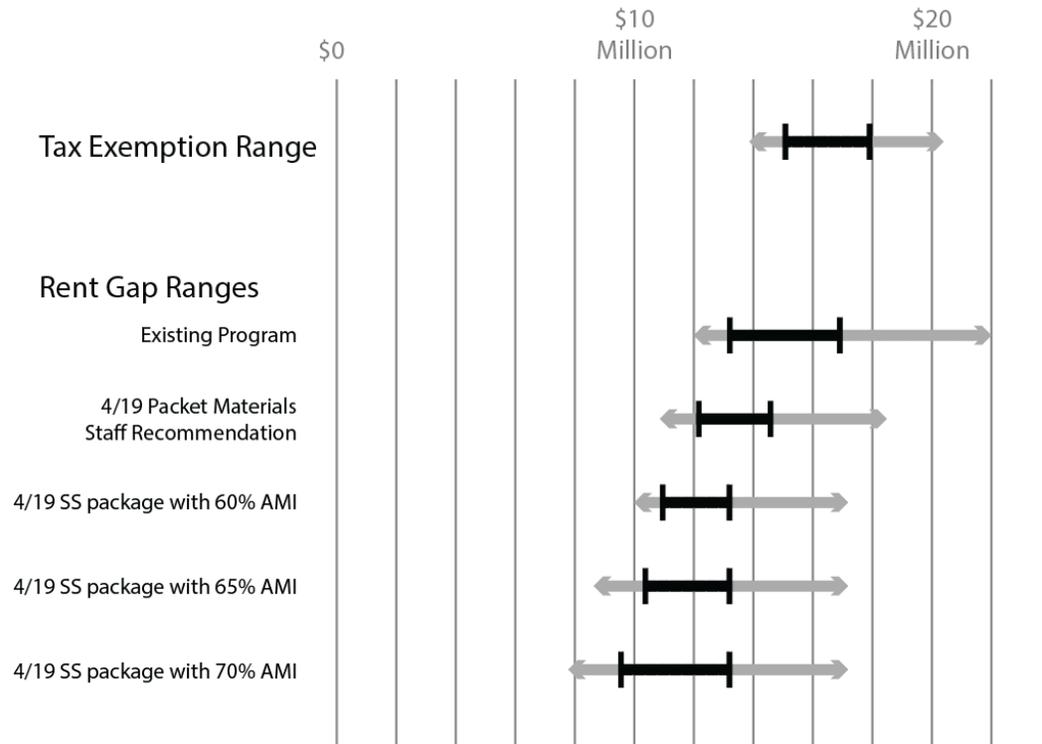
The “Tax Exemption Range” represents the anticipated range that a tax exemption for a 200-unit BelRed project may have (Downtown and areas outside the Growth Corridor are represented on subsequent pages), depending on the quality of construction and other variations impacting assessed value of the residential structure. The “Rent Gap Ranges” shows the expected range in cost for the owner to provide affordability under each of the potential packages described above. This includes only the cost of MFTE affordability, since any affordability required of Land Use Code incentives is balanced by the increased density provided under those programs.

MFTE Benefit/Cost Ranges in 200-unit BelRed Projects



The April 19th packet materials staff recommendation package has simplified the program to target the costs to a much smaller range that makes nearly any project pencil because that range is smaller than that of the tax exemption. The iterations of the 4/19 study session package move this bar further to the left, meaning that the MFTE program costs the owner less while receiving the same tax exemption benefit. The higher the overlapping AMI requirement, the further the lowest part of the range moves to the left. This means that those programs further incentivize utilizing both MFTE and the Land Use Code incentives simultaneously.

MFTE Benefit/Cost Ranges in 400-unit Downtown Projects



*MFTE Benefit/Cost Ranges in 200-unit Projects
Outside the Growth Corridor*

