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**HOUSE BILL 2442**

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**State of Washington 64th Legislature 2016 Regular Session**

**By** Representatives Appleton, Moscoso, Stanford, and Santos

AN ACT Relating to providing a property tax exemption for certain property within an affordable housing incentive zone; adding new sections to chapter 84.36 RCW; and creating a new section.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  This section is the tax preference performance statement for the tax preference contained in this act. This performance statement is only intended to be used for subsequent evaluation of the tax preference. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

(1) The legislature categorizes this tax preference as one intended to provide tax relief for certain individuals, as indicated in RCW 82.32.808(2)(e).

(2) It is the legislature's specific public policy objective to allow local governments to promote affordable housing through the designation of affordable housing incentive zones. The legislature intends to offer property tax relief to property owners within these zones who qualify for affordable housing or who offer affordable housing to qualifying tenants.

(3)(a) To measure the effectiveness of this act in achieving the specific public policy objective described in subsection (2) of this section, the joint legislative audit and review committee must, at minimum, evaluate the following:

(i) The number of participants and the total tax relief provided to the participants of the tax preference under section 3 of this act; and

(ii) Reports of affordable housing property owner relief for the county, provided by county assessors to the department of revenue.

(b) In addition to the data sources described under this section, the joint legislative audit and review committee may use any other data it deems necessary in performing the evaluation under this subsection.

(4) The definitions in section 2 of this act apply to this section.

NEW SECTION. **Sec.**  A new section is added to chapter 84.36 RCW to read as follows:

(1) The governing authority of any city or county in which the county legislative authority has determined that establishment of affordable housing incentive zones would further the public interest in preserving or creating affordable housing may designate an affordable housing incentive zone in accordance with this section.

(2) Prior to designating an affordable housing incentive zone, the governing authority must publish notice in a paper having a general circulation in the city or county where the proposed zone is located of its intent to hold a hearing to consider designation of the area. Such notice must be provided not less than thirty days before the date of the hearing and must include such information pertaining to the designation as the governing authority determines appropriate to apprise the public of the action intended.

(3) Following the hearing, or a continuance of the hearing, the governing authority may designate all or a portion of the area described in the notice as an affordable housing incentive zone if it finds, in its sole discretion, that:

(a) The area lacks sufficient available, desirable, and convenient affordable residential housing to meet the needs of the public; and

(b) Designation of an area as an affordable housing incentive zone is likely to encourage the construction or preservation of needed affordable housing units within the area.

(4) The governing body may terminate its designation of an affordable housing incentive zone if it finds, in its sole discretion, that the criteria in subsection (3) of this section are no longer satisfied.

(5) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Affordable housing" means a single-family dwelling unit or multifamily dwelling units affordable and rented to a single person, family, or household of unrelated persons living together whose income is at or below eighty percent of the area median income, adjusted for household size, as reported by the United States department of housing and urban development. For purposes of this exemption, rent is affordable if, including utilities other than telephone, it does not exceed thirty percent of the monthly household income of persons at eighty percent of area median income.

(b) "Affordable housing incentive zone" means an area that has been designated by the governing authority as an affordable housing incentive zone in accordance with this section.

(c) "Governing authority" means the local legislative authority of a city or county having jurisdiction over the property for which an exemption may be applied for under this chapter.

NEW SECTION. **Sec.**  A new section is added to chapter 84.36 RCW to read as follows:

(1) All real property within an affordable housing incentive zone designated under section 2 of this act that is owned or used by a person to provide affordable housing is exempt from sixty percent of taxation.

(2) In determining the portion of the property that is exempt from taxation under this section, such portion of the property must include the percentage of the property's total land and improvement area that equals the percentage of total improved area dedicated to affordable housing during the period in which the exemption is sought.

(3) All claims for exemption and renewal applications must be made on application forms that are prescribed and furnished by the assessor and verified and submitted annually by the person entitled to the exemption. Applications must be accompanied by such documentation as the assessor deems appropriate to confirm that, during the period in which the exemption is sought, rents are affordable in each of the units for which an exemption is sought and households in each of the units for which an exemption is sought have annual income at or below eighty percent of area median income. The assessor may require confirming documentation of household income and rent charged within exemption units for any period during which the exemption applies. Failure to provide requested documentation may result in the denial or revocation of the exemption and repayment in accordance with subsection (5) of this section. The county legislative authority may establish application fees to cover the assessor's anticipated cost of administering the exemption under this section.

(4) The exemption must be denied or revoked if a jurisdiction responsible for enforcement has determined that the property used to provide affordable housing is in violation of any health, building, fire, safety, housing, zoning, or land use codes.

(5) The taxpayer must notify the assessor within sixty days of ceasing to provide any affordable housing unit identified in the exemption application. The failure to maintain any of the affordable housing units identified in the exemption application must result in revocation of the exemption as to that unit.

(6) Upon revocation of the exemption, the county treasurer must collect all taxes that would have been paid if such property not been exempt, together with the interest at the same rate and computed in the same way as that upon delinquent property taxes.

(7) The denial or revocation of an affordable housing exemption is subject to appeal under the provisions of RCW 84.48.010 and in accordance with the provisions of RCW 84.40.038.

(8) Tenant identifying information and income data obtained by the assessor under this section may be used only to administer this affordable housing exemption. Notwithstanding any provision of law to the contrary, absent written consent by the person about whom the information or facts have been obtained, the tenant identifying information and income data may not be disclosed by the assessor or the assessor's agents or employees to anyone other than the department or the department's agents or employees nor by the department or the department's agents or employees to anyone other than the assessor or the assessor's agents or employees except in an administrative or judicial proceeding pertaining to the taxpayer's entitlement to the tax exemption.

(9) The definitions in section 2 of this act apply to this section.

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