
HOUSE BILL 1750

State of Washington 65th Legislature 2017 Regular Session

By Representatives Taylor, Volz, and Shea

Read first time 01/27/17. Referred to Committee on Finance.

1 AN ACT Relating to tax exemptions for properties owned by
2 nonprofit entities used for low-income housing; and amending RCW
3 84.36.560.

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

5 **Sec. 1.** RCW 84.36.560 and 2007 c 301 s 1 are each amended to
6 read as follows:

7 (1) The real and personal property owned (~~or used~~) by a
8 nonprofit entity in providing rental housing for very low-income
9 households or used to provide space for the placement of a mobile
10 home for a very low-income household within a mobile home park is
11 exempt from taxation if:

12 (a) The (~~benefit of the exemption inures to the~~) nonprofit
13 entity owns over fifty percent of the property;

14 (b) At least seventy-five percent of the occupied dwelling units
15 in the rental housing or lots in a mobile home park are occupied by a
16 very low-income household; and

17 (c) The rental housing or lots in a mobile home park were
18 insured, financed, or assisted in whole or in part through one or
19 more of the following sources:

1 (i) A federal or state housing program administered by the
2 department of (~~community, trade, and economic development~~)
3 commerce;

4 (ii) A federal housing program administered by a city or county
5 government;

6 (iii) An affordable housing levy authorized under RCW 84.52.105;
7 or

8 (iv) The surcharges authorized by RCW 36.22.178 and 36.22.179 and
9 any of the surcharges authorized in chapter 43.185C RCW.

10 (2) If the nonprofit entity owns fifty percent or less of the
11 property, the tax exemption provided in subsection (1) of this
12 section may apply only to the percentage of the property owned by the
13 nonprofit entity.

14 (3) If less than seventy-five percent of the occupied dwelling
15 units within the rental housing or lots in the mobile home park are
16 occupied by very low-income households, and all other applicable
17 qualifications under this section are satisfied, the rental housing
18 or mobile home park is eligible for a partial exemption on the real
19 property and a total exemption of the housing's or park's personal
20 property as follows:

21 (a) A partial exemption (~~shall be~~) is allowed for each dwelling
22 unit in the rental housing or for each lot in a mobile home park
23 occupied by a very low-income household.

24 (b) The amount of exemption (~~shall~~) must be calculated by
25 multiplying the assessed value of the property (~~reasonably necessary~~
26 ~~to provide the rental housing or to operate the mobile home park~~) by
27 a fraction. In determining the values for this calculation:

28 (i) The assessed value must be based on the portion of the
29 property reasonably necessary to provide the rental housing or to
30 operate the mobile home park. For property qualifying under
31 subsection (2) of this section, the assessed value then is multiplied
32 by the percentage of the property owned by the nonprofit entity.

33 (ii) The numerator of the fraction is the number of dwelling
34 units or lots occupied by very low-income households as of December
35 31st of the first assessment year in which the rental housing or
36 mobile home park becomes operational or on January 1st of each
37 subsequent assessment year for which the exemption is claimed.

38 (iii) The denominator of the fraction is the total number of
39 dwelling units or lots occupied as of December 31st of the first
40 assessment year the rental housing or mobile home park becomes

1 operational and January 1st of each subsequent assessment year for
2 which exemption is claimed.

3 ((+3)) (4) If a currently exempt rental housing unit in a
4 facility with ten units or fewer or mobile home lot in a mobile home
5 park with ten lots or fewer was occupied by a very low-income
6 household at the time the exemption was granted and the income of the
7 household subsequently rises above fifty percent of the median income
8 but remains at or below eighty percent of the median income, the
9 exemption will continue as long as the housing continues to meet the
10 certification requirements of a very low-income housing program
11 listed in subsection (1) of this section. For purposes of this
12 section, median income, as most recently determined by the federal
13 department of housing and urban development for the county in which
14 the rental housing or mobile home park is located, (~~shall~~) must be
15 adjusted for family size. However, if a dwelling unit or a lot
16 becomes vacant and is subsequently rerented, the income of the new
17 household must be at or below fifty percent of the median income
18 adjusted for family size as most recently determined by the federal
19 department of housing and urban development for the county in which
20 the rental housing or mobile home park is located to remain exempt
21 from property tax.

22 ((+4)) (5) If at the time of initial application the property is
23 unoccupied, or subsequent to the initial application the property is
24 unoccupied because of renovations, and the property is not currently
25 being used for the exempt purpose authorized by this section but will
26 be used for the exempt purpose within two assessment years, the
27 property (~~shall be~~) is eligible for a property tax exemption for
28 the assessment year in which the claim for exemption is submitted
29 under the following conditions:

30 (a) A commitment for financing to acquire, construct, renovate,
31 or otherwise convert the property to provide housing for very low-
32 income households has been obtained, in whole or in part, by the
33 nonprofit entity claiming the exemption from one or more of the
34 sources listed in subsection (1)(c) of this section;

35 (b) The nonprofit entity has manifested its intent in writing to
36 construct, remodel, or otherwise convert the property to housing for
37 very low-income households; and

38 (c) Only the portion of property that will be used to provide
39 housing or lots for very low-income households (~~shall be~~) is exempt
40 under this section.

1 ~~((+5))~~ (6) To be exempt under this section, the property must be
2 used exclusively for the purposes for which the exemption is granted,
3 except as provided in RCW 84.36.805.

4 ~~((+6))~~ (7) The nonprofit entity qualifying for a property tax
5 exemption under this section may agree to make payments to the city,
6 county, or other political subdivision for improvements, services,
7 and facilities furnished by the city, county, or political
8 subdivision for the benefit of the rental housing. However, these
9 payments ~~((shall))~~ may not exceed the amount last levied as the
10 annual tax of the city, county, or political subdivision upon the
11 property prior to exemption.

12 ~~((+7) As used in this section:)~~ (8) The definitions in this
13 subsection apply throughout this section unless the context clearly
14 requires otherwise.

15 (a) "Group home" means a single-family dwelling financed, in
16 whole or in part, by one or more of the sources listed in subsection
17 (1)(c) of this section. The residents of a group home ~~((shall not~~
18 ~~be))~~ are not considered to jointly constitute a household, but each
19 resident ~~((shall be))~~ is considered to be a separate household
20 occupying a separate dwelling unit. The individual incomes of the
21 residents ~~((shall))~~ may not be aggregated for purposes of this
22 exemption~~((+))~~.

23 (b) "Mobile home lot" or "mobile home park" means the same as
24 these terms are defined in RCW 59.20.030~~((+))~~.

25 (c) "Occupied dwelling unit" means a living unit that is occupied
26 by an individual or household as of December 31st of the first
27 assessment year the rental housing becomes operational or is occupied
28 by an individual or household on January 1st of each subsequent
29 assessment year in which the claim for exemption is submitted. If the
30 housing facility is comprised of three or fewer dwelling units and
31 there are any unoccupied units on January 1st, the department
32 ~~((shall))~~ must base the amount of the exemption upon the number of
33 occupied dwelling units as of December 31st of the first assessment
34 year the rental housing becomes operational and on May 1st of each
35 subsequent assessment year in which the claim for exemption is
36 submitted~~((+))~~.

37 (d) "Rental housing" means a residential housing facility or
38 group home that is occupied but not owned by very low-income
39 households~~((+))~~.

1 (e) "Very low-income household" means a single person, family, or
2 unrelated persons living together whose income is at or below fifty
3 percent of the median income adjusted for family size as most
4 recently determined by the federal department of housing and urban
5 development for the county in which the rental housing is located and
6 in effect as of January 1st of the year the application for exemption
7 is submitted(~~(; and)~~).

8 (f) "Nonprofit entity" means a:

9 (i) Nonprofit as defined in RCW 84.36.800 that is exempt from
10 income tax under section 501(c) of the federal internal revenue code;

11 (ii) Limited partnership where a nonprofit as defined in RCW
12 84.36.800 that is exempt from income tax under section 501(c) of the
13 federal internal revenue code, a public corporation established under
14 RCW 35.21.660, 35.21.670, or 35.21.730, a housing authority created
15 under RCW 35.82.030 or 35.82.300, or a housing authority meeting the
16 definition in RCW 35.82.210(2)(a) is a general partner; or

17 (iii) Limited liability company where a nonprofit as defined in
18 RCW 84.36.800 that is exempt from income tax under section 501(c) of
19 the federal internal revenue code, a public corporation established
20 under RCW 35.21.660, 35.21.670, or 35.21.730, a housing authority
21 established under RCW 35.82.030 or 35.82.300, or a housing authority
22 meeting the definition in RCW 35.82.210(2)(a) is a managing member.

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