

**SHB 2384** - S COMM AMD

By Committee on Housing Stability & Affordability

**ADOPTED 03/05/2020**

1 Strike everything after the enacting clause and insert the  
2 following:

3 **"Sec. 1.** RCW 84.36.560 and 2019 c 390 s 11 are each amended to  
4 read as follows:

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

10 (a) The benefit of the exemption inures to the nonprofit entity;

11 (b) At least seventy-five percent of the occupied dwelling units  
12 in the rental housing or lots in a mobile home park are occupied by a  
13 (~~very low income~~) qualifying household; and

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

17 (i) A federal or state housing program administered by the  
18 department of commerce;

19 (ii) A federal housing program administered by a city or county  
20 government;

21 (iii) An affordable housing levy authorized under RCW 84.52.105;

22 (iv) The surcharges authorized by RCW 36.22.178 and 36.22.179 and  
23 any of the surcharges authorized in chapter 43.185C RCW; or

24 (v) The Washington state housing finance commission, provided  
25 that the financing is for a mobile home park cooperative or a  
26 manufactured housing cooperative, as defined in RCW 59.20.030, or a  
27 nonprofit entity.

28 (2) If less than seventy-five percent of the occupied dwelling  
29 units within the rental housing or lots in the mobile home park are  
30 occupied by (~~very low income~~) qualifying households, the rental  
31 housing or mobile home park is eligible for a partial exemption on

1 the real property and a total exemption of the housing's or park's  
2 personal property as follows:

3 (a) A partial exemption is allowed for each dwelling unit in the  
4 rental housing or for each lot in a mobile home park occupied by a  
5 (~~very low income~~) qualifying household.

6 (b) The amount of exemption must be calculated by multiplying the  
7 assessed value of the property reasonably necessary to provide the  
8 rental housing or to operate the mobile home park by a fraction. The  
9 numerator of the fraction is the number of dwelling units or lots  
10 occupied by (~~very low income~~) qualifying households as of December  
11 31st of the first assessment year in which the rental housing or  
12 mobile home park becomes operational or on January 1st of each  
13 subsequent assessment year for which the exemption is claimed. The  
14 denominator of the fraction is the total number of dwelling units or  
15 lots occupied as of December 31st of the first assessment year the  
16 rental housing or mobile home park becomes operational and January  
17 1st of each subsequent assessment year for which exemption is  
18 claimed.

19 (3) If a currently exempt rental housing unit (~~in a facility~~  
20 ~~with ten units or fewer~~) or mobile home lot in a mobile home park  
21 (~~with ten lots or fewer~~) was occupied by a (~~very low income~~)  
22 qualifying household at the time the exemption was granted and the  
23 income of the household subsequently rises above (~~fifty percent of~~  
24 ~~the median income~~) the threshold set in subsection (7)(e) of this  
25 section but remains at or below eighty percent of the median income,  
26 the exemption will continue as long as the housing continues to meet  
27 the certification requirements (~~of a very low income housing~~  
28 ~~program~~) listed in subsection (1) of this section. For purposes of  
29 this section, median income, as most recently determined by the  
30 federal department of housing and urban development for the county in  
31 which the rental housing or mobile home park is located, shall be  
32 adjusted for family size. However, if a dwelling unit or a lot  
33 becomes vacant and is subsequently rerented, the income of the new  
34 household must be at or below (~~fifty percent of the median income~~  
35 ~~adjusted for family size as most recently determined by the federal~~  
36 ~~department of housing and urban development for the county in which~~  
37 ~~the rental housing or mobile home park is located~~) the threshold set  
38 in subsection (7)(e) of this section to remain exempt from property  
39 tax.

1 (4) If at the time of initial application the property is  
2 unoccupied, or subsequent to the initial application the property is  
3 unoccupied because of renovations, and the property is not currently  
4 being used for the exempt purpose authorized by this section but will  
5 be used for the exempt purpose within two assessment years, the  
6 property shall be eligible for a property tax exemption for the  
7 assessment year in which the claim for exemption is submitted under  
8 the following conditions:

9 (a) A commitment for financing to acquire, construct, renovate,  
10 or otherwise convert the property to provide housing for (~~very low-~~  
11 ~~income~~) qualifying households has been obtained, in whole or in  
12 part, by the nonprofit entity claiming the exemption from one or more  
13 of the sources listed in subsection (1)(c) of this section;

14 (b) The nonprofit entity has manifested its intent in writing to  
15 construct, remodel, or otherwise convert the property to housing for  
16 (~~very low-income~~) qualifying households; and

17 (c) Only the portion of property that will be used to provide  
18 housing or lots for (~~very low-income~~) qualifying households shall  
19 be exempt under this section.

20 (5) To be exempt under this section, the property must be used  
21 exclusively for the purposes for which the exemption is granted,  
22 except as provided in RCW 84.36.805.

23 (6) The nonprofit entity qualifying for a property tax exemption  
24 under this section may agree to make payments to the city, county, or  
25 other political subdivision for improvements, services, and  
26 facilities furnished by the city, county, or political subdivision  
27 for the benefit of the rental housing. However, these payments shall  
28 not exceed the amount last levied as the annual tax of the city,  
29 county, or political subdivision upon the property prior to  
30 exemption.

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

33 (a) "Group home" means a single-family dwelling financed, in  
34 whole or in part, by one or more of the sources listed in subsection  
35 (1)(c) of this section. The residents of a group home shall not be  
36 considered to jointly constitute a household, but each resident shall  
37 be considered to be a separate household occupying a separate  
38 dwelling unit. The individual incomes of the residents shall not be  
39 aggregated for purposes of this exemption;

1 (b) "Mobile home lot" or "mobile home park" means the same as  
2 these terms are defined in RCW 59.20.030;

3 (c) "Occupied dwelling unit" means a living unit that is occupied  
4 by an individual or household as of December 31st of the first  
5 assessment year the rental housing becomes operational or is occupied  
6 by an individual or household on January 1st of each subsequent  
7 assessment year in which the claim for exemption is submitted. If the  
8 housing facility is comprised of three or fewer dwelling units and  
9 there are any unoccupied units on January 1st, the department shall  
10 base the amount of the exemption upon the number of occupied dwelling  
11 units as of December 31st of the first assessment year the rental  
12 housing becomes operational and on May 1st of each subsequent  
13 assessment year in which the claim for exemption is submitted;

14 (d) "Rental housing" means a residential housing facility or  
15 group home that is occupied but not owned by (~~very low income~~)  
16 qualifying households;

17 (e) (i) "~~(Very low income)~~ Qualifying household" means a single  
18 person, family, or unrelated persons living together whose income is  
19 at or below fifty percent of the median income adjusted for family  
20 size as most recently determined by the federal department of housing  
21 and urban development for the county in which the rental housing or  
22 mobile home park is located and in effect as of January 1st of the  
23 year the application for exemption is submitted; (~~and~~)

24 (ii) Beginning July 1, 2021, "qualifying household" means a  
25 single person, family, or unrelated persons living together whose  
26 income is at or below sixty percent of the median income adjusted for  
27 family size as most recently determined by the federal department of  
28 housing and urban development for the county in which the rental  
29 housing or mobile home park is located and in effect as of January  
30 1st of the year the application for exemption is submitted; and

31 (f) "Nonprofit entity" means a:

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

34 (ii) Limited partnership where a nonprofit as defined in RCW  
35 84.36.800 that is exempt from income tax under section 501(c) of the  
36 federal internal revenue code, a public corporation established under  
37 RCW 35.21.660, 35.21.670, or 35.21.730, a housing authority created  
38 under RCW 35.82.030 or 35.82.300, or a housing authority meeting the  
39 definition in RCW 35.82.210(2) (a) is a general partner;

1 (iii) Limited liability company where a nonprofit as defined in  
2 RCW 84.36.800 that is exempt from income tax under section 501(c) of  
3 the federal internal revenue code, a public corporation established  
4 under RCW 35.21.660, 35.21.670, or 35.21.730, a housing authority  
5 established under RCW 35.82.030 or 35.82.300, or a housing authority  
6 meeting the definition in RCW 35.82.210(2)(a) is a managing member;  
7 or

8 (iv) Mobile home park cooperative or a manufactured housing  
9 cooperative, as defined in RCW 59.20.030.

10 **Sec. 2.** RCW 84.36.815 and 2016 c 217 s 4 are each amended to  
11 read as follows:

12 (1) In order to qualify for exempt status for any real or  
13 personal property under this chapter except personal property under  
14 RCW 84.36.600, all foreign national governments; cemeteries;  
15 nongovernmental nonprofit corporations, organizations, and  
16 associations; hospitals owned and operated by a public hospital  
17 district for purposes of exemption under RCW 84.36.040(2); and soil  
18 and water conservation districts must file an initial application on  
19 or before March 31st with the state department of revenue. However,  
20 the initial application deadline for the exemption provided in RCW  
21 84.36.049 is July 1st for 2016 and March 31st for 2017 and  
22 thereafter. All applications must be filed on forms prescribed by the  
23 department and must be signed by an authorized agent of the  
24 applicant.

25 (2) (a) In order to requalify for exempt status, all applicants  
26 except nonprofit cemeteries and nonprofits receiving the exemption  
27 under RCW 84.36.049 and nonprofits receiving the exemption under RCW  
28 84.36.560 must file an annual renewal declaration on or before March  
29 31st each year. The renewal declaration must be on forms prescribed  
30 by the department of revenue and must contain a statement certifying  
31 the exempt status of the real or personal property owned by the  
32 exempt organization. This renewal declaration may be submitted  
33 electronically in a format provided or approved by the department.  
34 Information may also be required with the renewal declaration to  
35 assist the department in determining whether the property tax  
36 exemption should continue.

37 (b) In order to requalify for exempt status, nonprofits receiving  
38 the exemption under RCW 84.36.560 must file a renewal declaration on  
39 or before March 31st of every third year following initial

1 qualification for the exemption. Except for the annual renewal  
2 requirement, all other requirements of (a) of this subsection apply.

3 (3) When an organization acquires real property qualified for  
4 exemption or converts real property to exempt status, the  
5 organization must file an initial application for the property within  
6 sixty days following the acquisition or conversion in accordance with  
7 all applicable provisions of subsection (1) of this section. If the  
8 application is filed after the expiration of the sixty-day period, a  
9 late filing penalty is imposed under RCW 84.36.825.

10 (4) When organizations acquire real property qualified for  
11 exemption or convert real property to an exempt use, the property,  
12 upon approval of the application for exemption, is entitled to a  
13 property tax exemption for property taxes due and payable the  
14 following year. If the owner has paid taxes for the year following  
15 the year the property qualified for exemption, the owner is entitled  
16 to a refund of the amount paid on the property so acquired or  
17 converted.

18 (5) The department must share approved initial applications for  
19 the tax preference provided in RCW 84.36.049 with the joint  
20 legislative audit and review committee, upon request by the  
21 committee, in order for the committee to complete its review of the  
22 tax preference provided in RCW 84.36.049.

23 NEW SECTION. **Sec. 3.** The provisions of RCW 82.32.805 and  
24 82.32.808 do not apply to this act."

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25 On page 1, line 3 of the title, after "households;" strike the  
26 remainder of the title and insert "amending RCW 84.36.560 and  
27 84.36.815; and creating a new section."

EFFECT: Exempts from property tax real or personal property owned  
or used by a nonprofit organization where the rental housing or lots  
in a mobile home park were insured, financed, or assisted in whole or

in part through funding from the Washington State Housing Finance Commission.

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