
SUBSTITUTE HOUSE BILL 2012

State of Washington

68th Legislature

2024 Regular Session

By House Finance (originally sponsored by Representatives Street, Alvarado, Ryu, Ramel, Bateman, Reed, Peterson, Doglio, Lekanoff, Santos, Chopp, and Hackney)

READ FIRST TIME 01/25/24.

1 AN ACT Relating to eligibility for a property tax exemption for
2 nonprofits providing affordable rental housing built with city and
3 county funds; amending RCW 84.36.560; and creating new sections.

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

5 **Sec. 1.** RCW 84.36.560 and 2023 c 277 s 11 are each amended to
6 read as follows:

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

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

12 (b) At least (~~seventy-five~~) 75 percent of the occupied dwelling
13 units in the rental housing or lots in a mobile home park are
14 occupied by a qualifying household; and

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

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

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

1 (iii) An affordable housing levy authorized under RCW 84.52.105
2 or 84.55.050;

3 (iv) The surcharges authorized by RCW 36.22.250 and any of the
4 surcharges authorized in chapter 43.185C RCW; (~~(or)~~)

5 (v) The Washington state housing finance commission, provided
6 that the financing is for a mobile home park cooperative or a
7 manufactured housing cooperative, as defined in RCW 59.20.030, or a
8 nonprofit entity; or

9 (vi) City or county funds designated for affordable housing.

10 (2) If less than (~~(seventy-five)~~) 75 percent of the occupied
11 dwelling units within the rental housing or lots in the mobile home
12 park are occupied by qualifying households, the rental housing or
13 mobile home park is eligible for a partial exemption on the real
14 property and a total exemption of the housing's or park's personal
15 property as follows:

16 (a) A partial exemption is allowed for each dwelling unit in the
17 rental housing or for each lot in a mobile home park occupied by a
18 qualifying household.

19 (b) The amount of exemption must be calculated by multiplying the
20 assessed value of the property reasonably necessary to provide the
21 rental housing or to operate the mobile home park by a fraction. The
22 numerator of the fraction is the number of dwelling units or lots
23 occupied by qualifying households as of December 31st of the first
24 assessment year in which the rental housing or mobile home park
25 becomes operational or on January 1st of each subsequent assessment
26 year for which the exemption is claimed. The denominator of the
27 fraction is the total number of dwelling units or lots occupied as of
28 December 31st of the first assessment year the rental housing or
29 mobile home park becomes operational and January 1st of each
30 subsequent assessment year for which exemption is claimed.

31 (3) If a currently exempt rental housing unit or mobile home lot
32 in a mobile home park was occupied by a qualifying household at the
33 time the exemption was granted and the income of the household
34 subsequently rises above the threshold set in subsection (7)(e) of
35 this section but remains at or below (~~(eighty)~~) 80 percent of the
36 median income, the exemption will continue as long as the housing
37 continues to meet the certification requirements listed in subsection
38 (1) of this section. For purposes of this section, median income, as
39 most recently determined by the federal department of housing and
40 urban development for the county in which the rental housing or

1 mobile home park is located, shall be adjusted for family size.
2 However, if a dwelling unit or a lot becomes vacant and is
3 subsequently rerented, the income of the new household must be at or
4 below the threshold set in subsection (7)(e) of this section to
5 remain exempt from property tax.

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

14 (a) A commitment for financing to acquire, construct, renovate,
15 or otherwise convert the property to provide housing for qualifying
16 households has been obtained, in whole or in part, by the nonprofit
17 entity claiming the exemption from one or more of the sources listed
18 in subsection (1)(c) of this section;

19 (b) The nonprofit entity has manifested its intent in writing to
20 construct, remodel, or otherwise convert the property to housing for
21 qualifying households; and

22 (c) Only the portion of property that will be used to provide
23 housing or lots for qualifying households shall be exempt under this
24 section.

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

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

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

38 (a) "Group home" means a single-family dwelling financed, in
39 whole or in part, by one or more of the sources listed in subsection
40 (1)(c) of this section. The residents of a group home shall not be

1 considered to jointly constitute a household, but each resident shall
2 be considered to be a separate household occupying a separate
3 dwelling unit. The individual incomes of the residents shall not be
4 aggregated for purposes of this exemption;

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

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

18 (d) "Rental housing" means a residential housing facility or
19 group home that is occupied but not owned by qualifying households;

20 (e)(i) "Qualifying household" means a single person, family, or
21 unrelated persons living together whose income is at or below
22 (~~fifty~~) 50 percent of the median income adjusted for family size as
23 most recently determined by the federal department of housing and
24 urban development for the county in which the rental housing or
25 mobile home park is located and in effect as of January 1st of the
26 year the application for exemption is submitted;

27 (ii) Beginning July 1, 2021, "qualifying household" means a
28 single person, family, or unrelated persons living together whose
29 income is at or below (~~sixty~~) 60 percent of the median income
30 adjusted for family size as most recently determined by the federal
31 department of housing and urban development for the county in which
32 the rental housing or mobile home park is located and in effect as of
33 January 1st of the year the application for exemption is submitted;

34 and

35 (f) "Nonprofit entity" means a:

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

38 (ii) Limited partnership where a nonprofit as defined in RCW
39 84.36.800 that is exempt from income tax under section 501(c) of the
40 federal internal revenue code, a public corporation established under

1 RCW 35.21.660, 35.21.670, or 35.21.730, a housing authority created
2 under RCW 35.82.030 or 35.82.300, or a housing authority meeting the
3 definition in RCW 35.82.210(2)(a) is a general partner;

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

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

13 NEW SECTION. **Sec. 2.** RCW 82.32.805 and 82.32.808 do not apply
14 to this act.

15 NEW SECTION. **Sec. 3.** This act applies to taxes levied for
16 collection in 2025 and thereafter.

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