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**SUBSTITUTE HOUSE BILL 2843**

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

**By** House Community Development, Housing & Tribal Affairs (originally sponsored by Representatives McBride, Stanford, Walkinshaw, and Santos)

AN ACT Relating to supporting affordable housing; and adding a new chapter to Title 84 RCW.

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

NEW SECTION. **Sec.**  The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Applicant" means a person applying for a property tax exemption under this chapter.

(2) "Contribution" means cash contributions.

(3) "Homeless housing program" means a program established by a city or town, or local housing entity, for the purpose of providing temporary shelter for homeless persons.

(4) "Local housing entity" means local governments, local housing authorities, nonprofit community or neighborhood-based organizations, federally recognized Indian tribes in the state of Washington, and regional or statewide housing assistance nonprofit organizations or cooperatives.

(5) "Person" means an individual, corporation, limited liability company, partnership, or any other entity that owns real property subject to property tax by a city or town.

(6) "Subsidized 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.

(7) "Subsidized housing program" means a program established by a city or town for the purpose of acquiring, building, rehabilitating, or maintaining subsidized housing within the city or town.

NEW SECTION. **Sec.**  (1) The legislative authority of a city or town may authorize a property tax exemption program pursuant to this chapter.

(2) Application for a property tax exemption under this chapter must be made to the city or town before making a contribution to a city's or town's subsidized housing program or local homeless housing program. The application must be made to the city or town in a form and manner prescribed by the city or town. The application must contain information regarding the proposed amount of the contribution to the program and a description of the real property that would be exempted from city or town property taxes.

(3) Applications for a property tax exemption under this chapter must be submitted by October 1st to the city or town. The city or town must rule on the application within thirty days. Applications are approved on a first-in-time basis. The city or town may not approve additional applications that would cause the city property tax rate to increase by more than nine-tenths of one percent based on property tax data for the calendar year in which the application is submitted; however, the calculation must include the assessed value of any property exempted from property tax under this chapter in the current calendar year.

(4) To qualify for a property tax exemption under this chapter, a person must contribute an amount equal to or exceeding ninety-five percent of the city or town property taxes due and payable by the person in the calendar year in which the application is submitted to the city or town.

(5) If an application is approved, the person must make the contribution described in the approved application by the end of the calendar year in which the application is approved to receive a property tax exemption for city or town property taxes due and payable the following calendar year.

(6) A person must submit an application each year to receive a city or town property tax exemption under this chapter in the following year.

(7) By November 30th of each year, a city or town must notify the county assessor of all properties to be exempted under this chapter for taxes due and payable the following calendar year.

(8) A city or town establishing a subsidized housing program or a local homeless housing program under this chapter may provide additional requirements to qualify for a property tax exemption under this chapter.

NEW SECTION. **Sec.**  (1) A one-year property tax exemption is allowed for all city or town property taxes owed on real property described in approved applications under this chapter.

(2) A city or town receiving contributions to a subsidized housing program or a local homeless housing program under this chapter must deposit the funds in a separate city or town subsidized housing account. Funds deposited in the account must be used by the city or town, or distributed to a local housing entity, where the funds must be specifically used for the purpose of acquiring, building, rehabilitating, or maintaining subsidized housing within the city or town or for homeless housing projects within the city or town.

(3) The funding authorized in this chapter may not supplant other state or federal funding or any other funding source.

NEW SECTION. **Sec.**  Sections 1 through 3 of this act constitute a new chapter in Title 84 RCW.

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