SENATE BILL REPORT
SHB 2384

As of February 25, 2020

Title: An act relating to the property tax exemption for nonprofit organizations providing rental housing or mobile home park spaces to qualifying households.

Brief Description: Concerning the property tax exemption for nonprofit organizations providing rental housing or mobile home park spaces to qualifying households.

Sponsors: House Committee on Finance (originally sponsored by Representatives Doglio, Ramel, Tarleton, Macri, Kloba and Gregerson).

Brief History: Passed House: 2/17/20, 96-2.
Committee Activity: Housing Stability & Affordability: 2/24/20.

Brief Summary of Bill

- Modifies low-income qualifying criteria and reporting requirements for the nonprofit housing property tax exemption.

SENATE COMMITTEE ON HOUSING STABILITY & AFFORDABILITY

Staff: Jeff Olsen (786-7428)

Background: Property owned or used by a nonprofit entity providing rental housing for very low-income households or providing space for placement of a mobile home in a mobile home park is exempt from property taxation if:
- the benefit of the property tax exemption inures to the nonprofit;
- at least 75 percent of the occupied dwelling units are occupied by a very low-income household or lots in a mobile home park; and
- the rental housing was insured, financed, or assisted in whole or in part by a federal or state housing program, an affordable housing levy, or state authorized affordable housing surcharges.

If less than 75 percent of the dwelling units are occupied by very low-income households, the property is eligible for a partial tax exemption. The amount of the exemption is equal to the assessed value of the property reasonably necessary to provide housing for the percentage of units occupied by a very low-income household.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

A very low-income household is defined as a single person, family, or unrelated persons living together whose income is at or below 50 percent of the median county income, adjusted for family size, as determined by the Federal Department of Housing and Urban Development. In facilities with ten or fewer units, if an exempt unit was occupied by a low-income household at the time the exemption was granted and the household income rises above 50 percent of median income, but remains below 80 percent of median income, the exemption will continue.

To requalify for exempt status, nonprofits must file an annual renewal declaration with the Department of Revenue.

Summary of Bill: Beginning July 1, 2021, the maximum income to be considered a qualifying household is increased from 50 percent to 60 percent of county median income. For facilities of any size, if the income of a qualifying household rises above 60 percent of the median income, but remains at or below 80 percent, the exemption will continue so long as the housing continues to meet certification requirements. Nonprofits receiving the exemption are required to recertify their exempt status every third year following the initial qualification for the exemption.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: The changes in the bill make it easier to keep low-income units affordable. Changing the low-income qualification from 50 to 60 percent of median income aligns with other affordable housing programs. By modifying the safe harbor provisions and simplifying administrative provisions nonprofit providers can focus their time on providing services.

Persons Testifying: PRO: Representative Beth Doglio, Prime Sponsor; Michele Thomas, Washington Low Income Housing Alliance; Paul Purcell, Affordable Housing Advisory Board.

Persons Signed In To Testify But Not Testifying: No one.