

SENATE BILL REPORT

SB 6232

As of January 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: Senators Kuderer, Dhingra, Lovelett, Randall and Wilson, C.

Brief History:

Committee Activity: Housing Stability & Affordability: 1/15/20, 1/20/20 [DP-WM].
Ways & Means: 1/29/20.

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

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Kuderer, Chair; Das, Vice Chair; Zeiger, Ranking Member; Fortunato, Assistant Ranking Member; Darneille, Saldaña and Warnick.

Staff: Jeff Olsen (786-7428)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Alia Kennedy (786-7405)

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

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- 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.

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 (DOR).

Summary of Bill: For purposes of property tax exemption for nonprofits providing affordable housing, the definition of a very low-income household at or below 50 percent of median income is changed to a "qualifying" household with income at or below 60 percent of median county income. A restriction that only nonprofit facilities providing ten or fewer housing units qualify if an exempt unit was occupied by a qualifying household at the time exemption was granted and the household income rises but remains below 80 percent of median income is removed, allowing all nonprofit housing providers to qualify.

The annual property tax renewal declaration filed with DOR is changed to a renewal every third year following 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 (Housing Stability & Affordability): PRO: The changes in the bill update an exemption created in 1999 and would modify the low-income threshold to 60 percent of median income. Families making 51 percent of median income still need assistance with housing. Allowing larger facilities to provide a safe harbor for low income families whose income may adjust over time gives those providers the ability to manage costs and maintain affordable housing for all low income families. Smaller providers spend a significant amount of time with paperwork complying with the exemption, and the changes in the bill regarding reporting will make it easier to manage the process.

Losing the property tax exemption may result in having low income families move and experience rent increases they cannot afford.

Persons Testifying (Housing Stability & Affordability): PRO: Senator Patty Kuderer, Prime Sponsor; Michele Thomas, Washington Low Income Housing Alliance; Paul Purcell, Chair, Governor's Affordable Housing Advisory Board; Trudy Soucoup, Homes First; Susan Boyd, Bellwether Housing; Lisa Vatske, Washington State Housing Finance Commission.

Persons Signed In To Testify But Not Testifying (Housing Stability & Affordability): No one.