CERTIFICATION OF ENROLLMENT

**SUBSTITUTE SENATE BILL 5386**

Chapter 277, Laws of 2023

68th Legislature

2023 Regular Session

DOCUMENT RECORDING FEES—VARIOUS PROVISIONS

EFFECTIVE DATE: July 23, 2023

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| Passed by the Senate April 17, 2023  Yeas 48 Nays 0  DENNY HECK  **President of the Senate**  Passed by the House April 11, 2023  Yeas 92 Nays 5  LAURIE JINKINS  **Speaker of the House of Representatives** | CERTIFICATE  I, Sarah Bannister, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 5386** as passed by the Senate and the House of Representatives on the dates hereon set forth.  SARAH BANNISTER  Secretary |
| Approved May 4, 2023 10:56 AM | May 4, 2023 |
| JAY INSLEE  **Governor of the State of Washington** | **Secretary of State**  **State of Washington** |

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**SUBSTITUTE SENATE BILL 5386**

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AS AMENDED BY THE HOUSE

Passed Legislature - 2023 Regular Session

**State of Washington 68th Legislature 2023 Regular Session**

**By** Senate Housing (originally sponsored by Senators Robinson, Kuderer, Saldaña, and C. Wilson; by request of Department of Commerce)

AN ACT Relating to reducing administrative complexity by increasing transparency of revenue flows for activities funded by document recording fees; amending RCW 43.185C.010, 43.185C.045, 43.185C.070, 43.185C.080, 43.185C.185, 36.18.010, 84.36.560, and 84.36.675; reenacting and amending RCW 43.185C.060, 43.185C.190, and 59.18.030; adding a new section to chapter 36.22 RCW; repealing RCW 36.22.176, 36.22.178, 36.22.179, 36.22.1791, 43.185C.061, and 43.185C.215; and providing an expiration date.

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

NEW SECTION. **Sec.**  A new section is added to chapter 36.22 RCW to read as follows:

(1) A surcharge of $183 per instrument shall be charged by the county auditor for each document recorded, which will be in addition to any other charge authorized by law. The following are exempt from this surcharge:

(a) Assignments or substitutions of previously recorded deeds of trust;

(b) Documents recording a birth, marriage, divorce, or death;

(c) Any recorded documents otherwise exempted from a recording fee or additional surcharges under state law;

(d) Marriage licenses issued by the county auditor; and

(e) Documents recording a federal, state, county, city, or water-sewer district, or wage lien or satisfaction of lien.

(2) Funds collected pursuant to this section must be distributed and used as follows:

(a) One percent of the total funds collected shall be retained by the county auditor for its fee collection activities;

(b) 30 percent of the total funds collected shall be retained by the county and used by the county as provided in subsection (3) of this section;

(c) 54.1 percent of the total funds collected shall be transmitted to the state treasurer to be deposited in the home security fund account created in RCW 43.185C.060 and shall be used by the department of commerce as provided in subsection (4) of this section;

(d) 13.1 percent of the total funds collected shall be transmitted to the state treasurer to be deposited in the affordable housing for all account created in RCW 43.185C.190 and shall be used by the department of commerce as provided in subsection (5) of this section;

(e) 1.8 percent of the total funds collected shall be transmitted to the state treasurer to be deposited in the landlord mitigation program account created in RCW 43.31.615 and shall be used by the department of commerce as provided in subsection (6) of this section.

(3) The county shall use their portion of the collected funds as follows:

(a) Up to 10 percent for the county's administration and local distribution of the funds collected from the surcharge in this section, and administrative costs related to the county's homeless housing plan;

(b) At least 75 percent will be retained and used by the county to accomplish the purposes of its local homeless housing plan pursuant to chapter 484, Laws of 2005. For each city in the county that elects as authorized in RCW 43.185C.080 to operate its own local homeless housing program, a percentage of the surcharge assessed under this subsection equal to the percentage of the city's local portion of the real estate excise tax collected by the county shall be transmitted at least quarterly to the city treasurer, without any deduction for county administrative costs, for use by the city for program costs which directly contribute to the goals of the city's local homeless housing plan; of the funds received by the city, it may use up to 10 percent for administrative costs for its homeless housing program;

(c) At least 15 percent will be retained and used by the county for eligible housing activities, as described in this subsection, that serve extremely low and very low-income households in the county and the cities within a county according to an interlocal agreement between the county and the cities within the county consistent with countywide and local housing needs and policies. A priority must be given to eligible housing activities that serve extremely low-income households with incomes at or below 30 percent of the area median income. Eligible housing activities to be funded are limited to:

(i) Acquisition, construction, or rehabilitation of housing projects or units within housing projects that are affordable to very low-income households with incomes at or below 50 percent of the area median income, including units for homeownership, rental units, seasonal and permanent farmworker housing units, units reserved for victims of human trafficking and their families, and single room occupancy units;

(ii) Supporting building operation and maintenance costs of housing projects or units within housing projects eligible to receive housing trust funds, that are affordable to very low-income households with incomes at or below 50 percent of the area median income, and that require a supplement to rent income to cover ongoing operating expenses;

(iii) Rental assistance vouchers for housing units that are affordable to very low-income households with incomes at or below 50 percent of the area median income, including rental housing vouchers for victims of human trafficking and their families, to be administered by a local public housing authority or other local organization that has an existing rental assistance voucher program, consistent with or similar to the United States department of housing and urban development's section 8 rental assistance voucher program standards; and

(iv) Operating costs for emergency shelters and licensed overnight youth shelters.

(4) The department of commerce shall use the funds from the document recording fee or other fund sources deposited in the home security fund account as follows, except that the department of commerce shall provide counties with the right of first refusal to receive grant funds distributed under (b) of this subsection (4). If a county refuses the funds or does not respond within a time frame established by the department, the department shall make good faith efforts to identify one or more suitable alternative grantees operating within that county. The alternative grantee shall distribute the funds in a manner that is in compliance with this chapter. Funding provided through the office of homeless youth prevention and protection programs created in RCW 43.330.705 is exempt from the county first refusal requirement.

(a) Up to 10 percent for administration of the programs established in chapter 43.185C RCW and in conformance with this subsection (4), including the costs of creating and implementing strategic plans, collecting and evaluating data, measuring and reporting performance, providing technical assistance to local governments, providing training to entities delivering services, and developing and maintaining stakeholder relationships;

(b) At least 90 percent for homelessness assistance grant programs administered by the department, including but not limited to: Temporary rental assistance; eviction prevention rental assistance per RCW 43.185C.185; emergency shelter and transitional housing operations and maintenance; outreach; diversion; HOPE and crisis residential centers; young adult housing; homeless services and case management for adult, family, youth, and young adult homeless populations and those at risk of homelessness; project-based vouchers for nonprofit housing providers or public housing authorities; tenant-based rent assistance; housing services; rapid rehousing; emergency housing; acquisition; operations; maintenance; and service costs for permanent supportive housing as defined in RCW 36.70A.030 for individuals with disabilities. Grantees may also use these funds in partnership with permanent supportive housing programs administered by the office of apple health and homes created in RCW 43.330.181. Priority for use must be given to purposes intended to house persons who are chronically homeless or to maintain housing for individuals with disabilities and prior experiences of homelessness, including families with children.

(5) The department of commerce shall use the funds from the document recording fee or other fund sources deposited in the affordable housing for all account as follows:

(a) Up to 10 percent for program administration and technical assistance necessary for the delivery programs and activities under this subsection (5);

(b) At least 90 percent for the following:

(i) Grants for building operation and maintenance costs of housing projects, or units within housing projects, that are in the state's housing trust fund portfolio, are affordable to extremely low-income households with incomes at or below 30 percent of the area median income, and require a supplement to rent income to cover ongoing operating expenses;

(ii) Grants to support the building operations, maintenance, and supportive service costs for permanent supportive housing projects, or units within housing projects, that have received or will receive funding from the housing trust fund or other public capital funding programs. The supported projects or units must be dedicated as permanent supportive housing as defined in RCW 36.70A.030, be occupied by extremely low-income households with incomes at or below 30 percent of the area median income, and require a supplement to rent income to cover ongoing property operations, maintenance, and supportive services expenses.

(6) The department of commerce shall use the funds from the document recording fee or other fund sources deposited in the landlord mitigation program account to administer the landlord mitigation program as established in RCW 43.31.605. The department of commerce may use up to 10 percent of these funds for program administration and the development and maintenance of a database necessary to administer the program.

**Sec.**  RCW 43.185C.010 and 2019 c 124 s 2 are each amended to read as follows:

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Administrator" means the individual who has the daily administrative responsibility of a crisis residential center.

(2) "Child in need of services petition" means a petition filed in juvenile court by a parent, child, or the department of children, youth, and families seeking adjudication of placement of the child.

(3) "Community action agency" means a nonprofit private or public organization established under the economic opportunity act of 1964.

(4) "Crisis residential center" means a secure or semi-secure facility established pursuant to chapter 74.13 RCW.

(5) "Department" means the department of commerce.

(6) "Director" means the director of the department of commerce.

(7) "Home security fund account" means the state treasury account receiving ((~~the state's portion of~~)) income from revenue ((~~from the sources established by RCW 36.22.179 and 36.22.1791~~)) under section 1(2)(c) of this act, and all other sources directed to the homeless housing and assistance program.

(8) "Homeless housing grant program" means the vehicle by which competitive grants are awarded by the department, utilizing moneys from the home security fund account, to local governments for programs directly related to housing homeless individuals and families, addressing the root causes of homelessness, preventing homelessness, collecting data on homeless individuals, and other efforts directly related to housing homeless persons.

(9) "Homeless housing plan" means the five-year plan developed by the county or other local government to address housing for homeless persons.

(10) "Homeless housing program" means the program authorized under this chapter as administered by the department at the state level and by the local government or its designated subcontractor at the local level.

(11) "Homeless housing strategic plan" means the five-year plan developed by the department, in consultation with the interagency council on homelessness, the affordable housing advisory board, and the state advisory council on homelessness.

(12) "Homeless person" means an individual living outside or in a building not meant for human habitation or which they have no legal right to occupy, in an emergency shelter, or in a temporary housing program which may include a transitional and supportive housing program if habitation time limits exist. This definition includes substance abusers, people with mental illness, and sex offenders who are homeless.

(13) "HOPE center" means an agency licensed by the secretary of the department of children, youth, and families to provide temporary residential placement and other services to street youth. A street youth may remain in a HOPE center for thirty days while services are arranged and permanent placement is coordinated. No street youth may stay longer than thirty days unless approved by the department and any additional days approved by the department must be based on the unavailability of a long-term placement option. A street youth whose parent wants him or her returned to home may remain in a HOPE center until his or her parent arranges return of the youth, not longer. All other street youth must have court approval under chapter 13.34 or 13.32A RCW to remain in a HOPE center up to thirty days.

(14) "Housing authority" means any of the public corporations created by chapter 35.82 RCW.

(15) "Housing continuum" means the progression of individuals along a housing-focused continuum with homelessness at one end and homeownership at the other.

(16) "Interagency council on homelessness" means a committee appointed by the governor and consisting of, at least, policy level representatives of the following entities: (a) The department of commerce; (b) the department of corrections; (c) the department of children, youth, and families; (d) the department of veterans affairs; and (e) the department of health.

(17) "Local government" means a county government in the state of Washington or a city government, if the legislative authority of the city affirmatively elects to accept the responsibility for housing homeless persons within its borders.

(18) "Local homeless housing task force" means a voluntary local committee created to advise a local government on the creation of a local homeless housing plan and participate in a local homeless housing program. It must include a representative of the county, a representative of the largest city located within the county, at least one homeless or formerly homeless person, such other members as may be required to maintain eligibility for federal funding related to housing programs and services and if feasible, a representative of a private nonprofit organization with experience in low-income housing.

(19) "Long-term private or public housing" means subsidized and unsubsidized rental or owner-occupied housing in which there is no established time limit for habitation of less than two years.

(20) "Performance measurement" means the process of comparing specific measures of success against ultimate and interim goals.

(21) "Secure facility" means a crisis residential center, or portion thereof, that has locking doors, locking windows, or a secured perimeter, designed and operated to prevent a child from leaving without permission of the facility staff.

(22) "Semi-secure facility" means any facility including, but not limited to, crisis residential centers or specialized foster family homes, operated in a manner to reasonably assure that youth placed there will not run away. Pursuant to rules established by the facility administrator, the facility administrator shall establish reasonable hours for residents to come and go from the facility such that no residents are free to come and go at all hours of the day and night. To prevent residents from taking unreasonable actions, the facility administrator, where appropriate, may condition a resident's leaving the facility upon the resident being accompanied by the administrator or the administrator's designee and the resident may be required to notify the administrator or the administrator's designee of any intent to leave, his or her intended destination, and the probable time of his or her return to the center.

(23) "Staff secure facility" means a structured group care facility licensed under rules adopted by the department of children, youth, and families with a ratio of at least one adult staff member to every two children.

(24) "Street outreach services" means a program that provides services and resources either directly or through referral to street youth and unaccompanied young adults as defined in RCW 43.330.702. Services including crisis intervention, emergency supplies, case management, and referrals may be provided through community-based outreach or drop-in centers.

(25) "Washington homeless census" means an annual statewide census conducted as a collaborative effort by towns, cities, counties, community-based organizations, and state agencies, with the technical support and coordination of the department, to count and collect data on all homeless individuals in Washington.

(26) "Washington homeless client management information system" means a database of information about homeless individuals in the state used to coordinate resources to assist homeless clients to obtain and retain housing and reach greater levels of self-sufficiency or economic independence when appropriate, depending upon their individual situations.

**Sec.**  RCW 43.185C.045 and 2021 c 214 s 3 are each amended to read as follows:

(1) By December 1st of each year, the department must provide an update on the state's homeless housing strategic plan and its activities for the prior fiscal year. The report must include, but not be limited to, the following information:

(a) An assessment of the current condition of homelessness in Washington state and the state's performance in meeting the goals in the state homeless housing strategic plan;

(b) A report on the results of the annual homeless point-in-time census conducted statewide under RCW 43.185C.030;

(c) The amount of federal, state, local, and private funds spent on homelessness assistance, categorized by funding source and the following major assistance types:

(i) Emergency shelter;

(ii) Homelessness prevention and rapid rehousing;

(iii) Permanent housing;

(iv) Permanent supportive housing;

(v) Transitional housing;

(vi) Services only; and

(vii) Any other activity in which more than five hundred thousand dollars of category funds were expended;

(d) A report on the expenditures, performance, and outcomes of state funds distributed through the consolidated homeless grant program, including the grant recipient, award amount expended, use of the funds, counties served, and households served;

(e) A report on state and local homelessness document recording fee expenditure by county, including the total amount of fee spending, percentage of total spending from fees, and number of people served by major assistance type((~~, and amount of expenditures for private rental housing payments required in RCW 36.22.179~~));

(f) A report on the expenditures, performance, and outcomes of the essential needs and housing support program meeting the requirements of RCW 43.185C.220;

(g) A report on the expenditures, performance, and outcomes of the independent youth housing program meeting the requirements of RCW 43.63A.311;

(h) A county-level report on the expenditures, performance, and outcomes of the eviction prevention rental assistance program under RCW 43.185C.185. The report must include, but is not limited to:

(i) The number of adults without minor children served in each county;

(ii) The number of households with adults and minor children served in each county; and

(iii) The number of unaccompanied youth and young adults who are being served in each county; and

(i) A county-level report on the expenditures, performance, and outcomes of the rapid rehousing, project-based vouchers, and housing acquisition programs under ((~~RCW 36.22.176~~)) section 1 of this act. The report must include, but is not limited to:

(i) The number of persons who are unsheltered receiving shelter through a project-based voucher in each county;

(ii) The number of units acquired or built via rapid rehousing and housing acquisition in each county; and

(iii) The number of adults without minor children, households with adults and minor children, unaccompanied youth, and young adults who are being served by the programs under ((~~RCW 36.22.176~~)) section 1 of this act in each county.

(2) The report required in subsection (1) of this section must be posted to the department's website and may include links to updated or revised information contained in the report.

(3) Any local government receiving state funds for homelessness assistance or state or local homelessness document recording fees under ((~~RCW 36.22.178, 36.22.179, or 36.22.1791~~)) section 1 of this act must provide an annual report on the current condition of homelessness in its jurisdiction, its performance in meeting the goals in its local homeless housing plan, and any significant changes made to the plan. The annual report must be posted on the department's website. Along with each local government annual report, the department must produce and post information on the local government's homelessness spending from all sources by project during the prior state fiscal year in a format similar to the department's report under subsection (1)(c) of this section. If a local government fails to report or provides an inadequate or incomplete report, the department must take corrective action, which may include withholding state funding for homelessness assistance to the local government to enable the department to use such funds to contract with other public or nonprofit entities to provide homelessness assistance within the jurisdiction.

**Sec.**  RCW 43.185C.060 and 2021 c 334 s 980 and 2021 c 214 s 4 are each reenacted and amended to read as follows:

(1) The home security fund account is created in the state treasury, subject to appropriation. ((~~The state's portion of the surcharge established in RCW 36.22.179 and 36.22.1791 and 36.22.176 must be deposited in the account.~~)) Expenditures from the account may be used only for ((~~homeless housing~~)) programs as described in this chapter((~~, including the eviction prevention rental assistance program established in RCW 43.185C.185~~)).

(2)(a) By December 15, 2021, the department, in consultation with stakeholder groups specified in RCW 43.185C.185(2)(c), must create a set of performance metrics for each county receiving funding under ((~~RCW 36.22.176~~)) section 1(4)(b) of this act. The metrics must target actions within a county's control that will prevent and reduce homelessness, such as increasing the number of permanent supportive housing units and increasing or maintaining an adequate number of noncongregate shelter beds.

(b)(i) Beginning July 1, 2023, and by July 1st every two years thereafter, the department must award funds ((~~for project-based vouchers for nonprofit housing providers and related services, rapid rehousing, and housing acquisition under RCW 36.22.176~~)) under section 1(4)(b) of this act to eligible grantees in a manner that ((~~15~~)) 7 percent of funding is distributed as a performance-based allocation based on performance metrics created under (a) of this subsection, in addition to any base allocation of funding for the county.

(ii) Any county that demonstrates that it has met or exceeded the majority of the target actions to prevent and reduce homelessness over the previous two years must receive the remaining 15 percent performance-based allocation. Any county that fails to meet or exceed the majority of target actions to prevent and reduce homelessness must enter into a corrective action plan with the department. To receive its performance-based allocation, a county must agree to undertake the corrective actions outlined in the corrective action plan and any reporting and monitoring deemed necessary by the department. Any county that fails to meet or exceed the majority of targets for two consecutive years after entering into a corrective action plan may be subject to a reduction in the performance-based portion of the funds received in (b)(i) of this subsection, at the discretion of the department in consultation with stakeholder groups specified in RCW 43.185C.185(2)(c). Performance-based allocations unspent due to lack of compliance with a corrective action plan created under this subsection (2)(b) may be distributed to other counties that have met or exceeded their target actions.

(3) The department must distinguish allotments from the account made to carry out the activities in RCW 43.330.167, 43.330.700 through 43.330.715, 43.330.911, 43.185C.010, and 43.185C.250 through 43.185C.320((~~, and 36.22.179(1)(b)~~)).

(4) ((~~The office of financial management must secure an independent expenditure review of state funds received under RCW 36.22.179(1)(b) on a biennial basis. The purpose of the review is to assess the consistency in achieving policy priorities within the private market rental housing segment for housing persons experiencing homelessness. The independent reviewer must notify the department and the office of financial management of its findings. The first biennial expenditure review, for the 2017-2019 fiscal biennium, is due February 1, 2020. Independent reviews conducted thereafter are due February 1st of each even-numbered year.~~

~~(5)~~)) During the 2019-2021 and 2021-2023 fiscal biennia, expenditures from the account may also be used for shelter capacity grants.

**Sec.**  RCW 43.185C.070 and 2005 c 484 s 11 are each amended to read as follows:

(1) During each calendar year in which moneys from the ((~~homeless housing~~)) home security fund account are available for use by the department for the homeless housing grant program, the department shall announce to all Washington counties, participating cities, and through major media throughout the state, a grant application period of at least ninety days' duration. This announcement will be made as often as the director deems appropriate for proper utilization of resources. The department shall then promptly grant as many applications as will utilize available funds, less appropriate administrative costs of the department as described in ((~~RCW 36.22.179~~)) section 1(4)(a) of this act.

(2) The department will develop, with advice and input from the affordable housing advisory board established in RCW 43.185B.020, criteria to evaluate grant applications.

(3) The department may approve applications only if they are consistent with the local and state homeless housing program strategic plans. The department may give preference to applications based on some or all of the following criteria:

(a) The total homeless population in the applicant local government service area, as reported by the most recent annual Washington homeless census;

(b) Current local expenditures to provide housing for the homeless and to address the underlying causes of homelessness as described in RCW 43.185C.005;

(c) Local government and private contributions pledged to the program in the form of matching funds, property, infrastructure improvements, and other contributions; and the degree of leveraging of other funds from local government or private sources for the program for which funds are being requested, to include recipient contributions to total project costs, including allied contributions from other sources such as professional, craft and trade services, and lender interest rate subsidies;

(d) Construction projects or rehabilitation that will serve homeless individuals or families for a period of at least twenty-five years;

(e) Projects which demonstrate serving homeless populations with the greatest needs, including projects that serve special needs populations;

(f) The degree to which the applicant project represents a collaboration between local governments, nonprofit community-based organizations, local and state agencies, and the private sector, especially through its integration with the coordinated and comprehensive plan for homeless families with children required under RCW 43.63A.650;

(g) The cooperation of the local government in the annual Washington homeless census project;

(h) The commitment of the local government and any subcontracting local governments, nonprofit organizations, and for-profit entities to employ a diverse workforce;

(i) The extent, if any, that the local homeless population is disproportionate to the revenues collected under this chapter and ((~~RCW 36.22.178 and 36.22.179~~)) section 1 of this act; and

(j) Other elements shown by the applicant to be directly related to the goal and the department's state strategic plan.

**Sec.**  RCW 43.185C.080 and 2005 c 484 s 12 are each amended to read as follows:

(1) Only a local government is eligible to receive a homeless housing grant from the ((~~homeless housing~~)) home security fund account. Any city may assert responsibility for homeless housing within its borders if it so chooses, by forwarding a resolution to the legislative authority of the county stating its intention and its commitment to operate a separate homeless housing program. The city shall then receive a percentage of the surcharge assessed under ((~~RCW 36.22.179~~)) section 1(2)(b) of this act equal to the percentage of the city's local portion of the real estate excise tax collected by the county. A participating city may also then apply separately for homeless housing program grants. A city choosing to operate a separate homeless housing program shall be responsible for complying with all of the same requirements as counties and shall adopt a local homeless housing plan meeting the requirements of this chapter for county local plans. However, the city may by resolution of its legislative authority accept the county's homeless housing task force as its own and based on that task force's recommendations adopt a homeless housing plan specific to the city.

(2) Local governments applying for homeless housing funds may subcontract with any other local government, housing authority, community action agency or other nonprofit organization for the execution of programs contributing to the overall goal of ending homelessness within a defined service area. All subcontracts shall be consistent with the local homeless housing plan adopted by the legislative authority of the local government, time limited, and filed with the department and shall have specific performance terms. While a local government has the authority to subcontract with other entities, the local government continues to maintain the ultimate responsibility for the homeless housing program within its borders.

(3) A county may decline to participate in the program authorized in this chapter by forwarding to the department a resolution adopted by the county legislative authority stating the intention not to participate. A copy of the resolution shall also be transmitted to the county auditor and treasurer. If such a resolution is adopted, all of the funds otherwise due to the county under RCW 43.185C.060 shall be remitted monthly to the state treasurer for deposit in the ((~~homeless housing~~)) home security fund account, without any reduction by the county for collecting or administering the funds. Upon receipt of the resolution, the department shall promptly begin to identify and contract with one or more entities eligible under this section to create and execute a local homeless housing plan for the county meeting the requirements of this chapter. The department shall expend all of the funds received from the county under this subsection to carry out the purposes of chapter 484, Laws of 2005 in the county, provided that the department may retain six percent of these funds to offset the cost of managing the county's program.

(4) A resolution by the county declining to participate in the program shall have no effect on the ability of each city in the county to assert its right to manage its own program under this chapter, and the county shall monthly transmit to the city the funds due under this chapter.

**Sec.**  RCW 43.185C.185 and 2021 c 214 s 2 are each amended to read as follows:

(1) The eviction prevention rental assistance program is created in the department to prevent evictions by providing resources to households most likely to become homeless or suffer severe health consequences, or both, after an eviction, while promoting equity by prioritizing households, including communities of color, disproportionately impacted by public health emergencies and by homelessness and housing instability. The department must provide grants to eligible organizations, as described in RCW 43.185.060, to provide assistance to program participants. The eligible organizations must use grant moneys for:

(a) Rental assistance, including rental arrears and future rent if needed to stabilize the applicant's housing and prevent their eviction;

(b) Utility assistance for households if needed to prevent an eviction; and

(c) Administrative costs of the eligible organization, which must not exceed limits prescribed by the department.

(2) Households eligible to receive assistance through the eviction prevention rental assistance program are those:

(a) With incomes at or below 80 percent of the county area median income;

(b) Who are families with children, living in doubled up situations, young adults, senior citizens, and others at risk of homelessness or significant physical or behavioral health complications from homelessness; and

(c) That meet any other eligibility requirements as established by the department after consultation with stakeholder groups, including persons at risk of homelessness due to unpaid rent, representatives of communities of color, homeless service providers, landlord representatives, local governments that administer homelessness assistance, a statewide association representing cities, a statewide association representing counties, a representative of homeless youth and young adults, and affordable housing advocates.

(3) A landlord may assist an eligible household in applying for assistance through the eviction prevention rental assistance program or may apply for assistance on an eligible household's behalf.

(4)(a) Eligible grantees must actively work with organizations rooted in communities of color to assist and serve marginalized populations within their communities.

(b) At least 10 percent of the grant total must be subgranted to organizations that serve and are substantially governed by marginalized populations to pay the costs associated with program outreach, assistance completing applications for assistance, rent assistance payments, activities that directly support the goal of improving access to rent assistance for people of color, and related costs. Upon request by an eligible grantee or the county or city in which it exists, the department must provide a list of organizations that serve and are substantially governed by marginalized populations, if known.

(c) An eligible grantee may request an exemption from the department from the requirements under (b) of this subsection. The department must consult with the stakeholder group established under subsection (2)(c) of this section before granting an exemption. An eligible grantee may request an exemption only if the eligible grantee:

(i) Is unable to subgrant with an organization that serves and is substantially governed by marginalized populations; or

(ii) Provides the department with a plan to spend 10 percent of the grant total in a manner that the department determines will improve racial equity for historically underserved communities more effectively than a subgrant.

(5) The department must ensure equity by developing performance measures and benchmarks that promote both equitable program access and equitable program outcomes. Performance measures and benchmarks must be developed by the department in consultation with stakeholder groups, including persons at risk of homelessness due to unpaid rent, representatives of communities of color, homeless service providers, landlord representatives, local governments that administer homelessness assistance, a statewide association representing cities, a statewide association representing counties, a representative of homeless youth and young adults, and affordable housing advocates. Performance measures and benchmarks must also ensure that the race and ethnicity of households served under the program are proportional to the numbers of people at risk of homelessness in each county for each of the following groups:

(a) Black or African American;

(b) American Indian and Alaska Native;

(c) Native Hawaiian or other Pacific Islander;

(d) Hispanic or Latinx;

(e) Asian;

(f) Other multiracial.

(6) The department may develop additional rules, requirements, procedures, and guidelines as necessary to implement and operate the eviction prevention rental assistance program.

(7)(a) The department must award funds under this section to eligible grantees in a manner that is proportional to the amount of revenue collected under ((~~RCW 36.22.176~~)) section 1 of this act from the county being served by the grantee.

(b) The department must provide counties with the right of first refusal to receive grant funds distributed under this subsection. If a county refuses the funds or does not respond within a time frame established by the department, the department must identify an alternative grantee. The alternative grantee must distribute the funds in a manner that is in compliance with this chapter.

**Sec.**  RCW 43.185C.190 and 2021 c 334 s 981 and 2021 c 214 s 5 are each reenacted and amended to read as follows:

The affordable housing for all account is created in the state treasury, subject to appropriation. ((~~The state's portion of the surcharges established in RCW 36.22.178 and 36.22.176 shall be deposited in the account.~~)) Expenditures from the account may only be used for ((~~affordable housing programs, including operations, maintenance, and services as described in RCW 36.22.176(1)(a)~~)) allowable uses as described in section 1(5) of this act. During the 2021-2023 fiscal biennium, expenditures from the account may be used for operations, maintenance, and services for permanent supportive housing as defined in RCW 36.70A.030. It is the intent of the legislature to continue this policy in future biennia.

**Sec.**  RCW 36.18.010 and 2022 c 141 s 2 are each amended to read as follows:

Except as otherwise ordered by the court pursuant to RCW 4.24.130, county auditors or recording officers shall collect the following fees for their official services:

(1) For recording instruments, for the first page eight and one-half by ((~~fourteen~~)) 14 inches or less, five dollars; for each additional page eight and one-half by ((~~fourteen~~)) 14 inches or less, one dollar. The fee for recording multiple transactions contained in one instrument will be calculated for each transaction requiring separate indexing as required under RCW 65.04.050 as follows: The fee for each title or transaction is the same fee as the first page of any additional recorded document; the fee for additional pages is the same fee as for any additional pages for any recorded document; the fee for the additional pages may be collected only once and may not be collected for each title or transaction;

(2) For preparing and certifying copies, for the first page eight and one-half by ((~~fourteen~~)) 14 inches or less, three dollars; for each additional page eight and one-half by ((~~fourteen~~)) 14 inches or less, one dollar;

(3) For preparing noncertified copies, for each page eight and one-half by ((~~fourteen~~)) 14 inches or less, one dollar;

(4) For administering an oath or taking an affidavit, with or without seal, two dollars;

(5) For issuing a marriage license, eight dollars, (this fee includes taking necessary affidavits, filing returns, indexing, and transmittal of a record of the marriage to the state registrar of vital statistics) plus an additional five dollar fee for use and support of the prevention of child abuse and neglect activities to be transmitted monthly to the state treasurer and deposited in the state general fund plus an additional ten dollar fee to be transmitted monthly to the state treasurer and deposited in the state general fund. The legislature intends to appropriate an amount at least equal to the revenue generated by this fee for the purposes of the displaced homemaker act, chapter 28B.04 RCW;

(6) For searching records per hour, eight dollars;

(7) For recording plats, fifty cents for each lot except cemetery plats for which the charge shall be twenty-five cents per lot; also one dollar for each acknowledgment, dedication, and description: PROVIDED, That there shall be a minimum fee of twenty-five dollars per plat;

(8) For recording of miscellaneous records not listed above, for the first page eight and one-half by ((~~fourteen~~)) 14 inches or less, five dollars; for each additional page eight and one-half by ((~~fourteen~~)) 14 inches or less, one dollar;

(9) For modernization and improvement of the recording and indexing system, a surcharge as provided in RCW 36.22.170;

(10) For recording an emergency nonstandard document as provided in RCW 65.04.047, ((~~fifty dollars~~)) $50, in addition to all other applicable recording fees;

(11) For recording instruments, a three dollar surcharge to be deposited into the Washington state library operations account created in RCW 43.07.129;

(12) For recording instruments, a two dollar surcharge to be deposited into the Washington state library-archives building account created in RCW 43.07.410 until the financing contract entered into by the secretary of state for the Washington state library-archives building is paid in full;

(13) ((~~For recording instruments, a surcharge as provided in RCW 36.22.178; and~~

~~(14)~~)) For recording instruments, ((~~except for documents recording a birth, marriage, divorce, or death or any documents otherwise exempted from a recording fee under state law, a~~)) the surcharge as provided in ((~~RCW 36.22.179~~)) section 1 of this act.

**Sec.**  RCW 59.18.030 and 2021 c 212 s 1 are each reenacted and amended to read as follows:

As used in this chapter:

(1) "Active duty" means service authorized by the president of the United States, the secretary of defense, or the governor for a period of more than 30 consecutive days.

(2) "Certificate of inspection" means an unsworn statement, declaration, verification, or certificate made in accordance with the requirements of chapter 5.50 RCW by a qualified inspector that states that the landlord has not failed to fulfill any substantial obligation imposed under RCW 59.18.060 that endangers or impairs the health or safety of a tenant, including (a) structural members that are of insufficient size or strength to carry imposed loads with safety, (b) exposure of the occupants to the weather, (c) plumbing and sanitation defects that directly expose the occupants to the risk of illness or injury, (d) not providing facilities adequate to supply heat and water and hot water as reasonably required by the tenant, (e) providing heating or ventilation systems that are not functional or are hazardous, (f) defective, hazardous, or missing electrical wiring or electrical service, (g) defective or hazardous exits that increase the risk of injury to occupants, and (h) conditions that increase the risk of fire.

(3) "Commercially reasonable manner," with respect to a sale of a deceased tenant's personal property, means a sale where every aspect of the sale, including the method, manner, time, place, and other terms, must be commercially reasonable. If commercially reasonable, a landlord may sell the tenant's property by public or private proceedings, by one or more contracts, as a unit or in parcels, and at any time and place and on any terms.

(4) "Comprehensive reusable tenant screening report" means a tenant screening report prepared by a consumer reporting agency at the direction of and paid for by the prospective tenant and made available directly to a prospective landlord at no charge, which contains all of the following: (a) A consumer credit report prepared by a consumer reporting agency within the past 30 days; (b) the prospective tenant's criminal history; (c) the prospective tenant's eviction history; (d) an employment verification; and (e) the prospective tenant's address and rental history.

(5) "Criminal history" means a report containing or summarizing (a) the prospective tenant's criminal convictions and pending cases, the final disposition of which antedates the report by no more than seven years, and (b) the results of a sex offender registry and United States department of the treasury's office of foreign assets control search, all based on at least seven years of address history and alias information provided by the prospective tenant or available in the consumer credit report.

(6) "Designated person" means a person designated by the tenant under RCW 59.18.590.

(7) "Distressed home" has the same meaning as in RCW 61.34.020.

(8) "Distressed home conveyance" has the same meaning as in RCW 61.34.020.

(9) "Distressed home purchaser" has the same meaning as in RCW 61.34.020.

(10) "Dwelling unit" is a structure or that part of a structure which is used as a home, residence, or sleeping place by one person or by two or more persons maintaining a common household, including but not limited to single-family residences and units of multiplexes, apartment buildings, and mobile homes.

(11) "Eviction history" means a report containing or summarizing the contents of any records of unlawful detainer actions concerning the prospective tenant that are reportable in accordance with state law, are lawful for landlords to consider, and are obtained after a search based on at least seven years of address history and alias information provided by the prospective tenant or available in the consumer credit report.

(12) "Gang" means a group that: (a) Consists of three or more persons; (b) has identifiable leadership or an identifiable name, sign, or symbol; and (c) on an ongoing basis, regularly conspires and acts in concert mainly for criminal purposes.

(13) "Gang-related activity" means any activity that occurs within the gang or advances a gang purpose.

(14) "Immediate family" includes state registered domestic partner, spouse, parents, grandparents, children, including foster children, siblings, and in-laws.

(15) "In danger of foreclosure" means any of the following:

(a) The homeowner has defaulted on the mortgage and, under the terms of the mortgage, the mortgagee has the right to accelerate full payment of the mortgage and repossess, sell, or cause to be sold the property;

(b) The homeowner is at least 30 days delinquent on any loan that is secured by the property; or

(c) The homeowner has a good faith belief that he or she is likely to default on the mortgage within the upcoming four months due to a lack of funds, and the homeowner has reported this belief to:

(i) The mortgagee;

(ii) A person licensed or required to be licensed under chapter 19.134 RCW;

(iii) A person licensed or required to be licensed under chapter 19.146 RCW;

(iv) A person licensed or required to be licensed under chapter 18.85 RCW;

(v) An attorney-at-law;

(vi) A mortgage counselor or other credit counselor licensed or certified by any federal, state, or local agency; or

(vii) Any other party to a distressed property conveyance.

(16) "Landlord" means the owner, lessor, or sublessor of the dwelling unit or the property of which it is a part, and in addition means any person designated as representative of the owner, lessor, or sublessor including, but not limited to, an agent, a resident manager, or a designated property manager.

(17) "Mortgage" is used in the general sense and includes all instruments, including deeds of trust, that are used to secure an obligation by an interest in real property.

(18) "Orders" means written official military orders, or any written notification, certification, or verification from the service member's commanding officer, with respect to the service member's current or future military status.

(19) "Owner" means one or more persons, jointly or severally, in whom is vested:

(a) All or any part of the legal title to property; or

(b) All or part of the beneficial ownership, and a right to present use and enjoyment of the property.

(20) "Permanent change of station" means: (a) Transfer to a unit located at another port or duty station; (b) change in a unit's home port or permanent duty station; (c) call to active duty for a period not less than 90 days; (d) separation; or (e) retirement.

(21) "Person" means an individual, group of individuals, corporation, government, or governmental agency, business trust, estate, trust, partnership, or association, two or more persons having a joint or common interest, or any other legal or commercial entity.

(22) "Premises" means a dwelling unit, appurtenances thereto, grounds, and facilities held out for the use of tenants generally and any other area or facility which is held out for use by the tenant.

(23) "Property" or "rental property" means all dwelling units on a contiguous quantity of land managed by the same landlord as a single, rental complex.

(24) "Prospective landlord" means a landlord or a person who advertises, solicits, offers, or otherwise holds a dwelling unit out as available for rent.

(25) "Prospective tenant" means a tenant or a person who has applied for residential housing that is governed under this chapter.

(26) "Qualified inspector" means a United States department of housing and urban development certified inspector; a Washington state licensed home inspector; an American society of home inspectors certified inspector; a private inspector certified by the national association of housing and redevelopment officials, the American association of code enforcement, or other comparable professional association as approved by the local municipality; a municipal code enforcement officer; a Washington licensed structural engineer; or a Washington licensed architect.

(27) "Reasonable attorneys' fees," where authorized in this chapter, means an amount to be determined including the following factors: The time and labor required, the novelty and difficulty of the questions involved, the skill requisite to perform the legal service properly, the fee customarily charged in the locality for similar legal services, the amount involved and the results obtained, and the experience, reputation and ability of the lawyer or lawyers performing the services.

(28) "Reasonable manner," with respect to disposing of a deceased tenant's personal property, means to dispose of the property by donation to a not-for-profit charitable organization, by removal of the property by a trash hauler or recycler, or by any other method that is reasonable under the circumstances.

(29) "Rent" or "rental amount" means recurring and periodic charges identified in the rental agreement for the use and occupancy of the premises, which may include charges for utilities. Except as provided in RCW 59.18.283(3), these terms do not include nonrecurring charges for costs incurred due to late payment, damages, deposits, legal costs, or other fees, including attorneys' fees.

(30) "Rental agreement" or "lease" means all agreements which establish or modify the terms, conditions, rules, regulations, or any other provisions concerning the use and occupancy of a dwelling unit.

(31) "Service member" means an active member of the United States armed forces, a member of a military reserve component, or a member of the national guard who is either stationed in or a resident of Washington state.

(32) A "single-family residence" is a structure maintained and used as a single dwelling unit. Notwithstanding that a dwelling unit shares one or more walls with another dwelling unit, it shall be deemed a single-family residence if it has direct access to a street and shares neither heating facilities nor hot water equipment, nor any other essential facility or service, with any other dwelling unit.

(33) "Subsidized housing" refers to rental housing for very low-income or low-income households that is a dwelling unit operated directly by a public housing authority or its affiliate, or that is insured, financed, or assisted in whole or in part through one of the following sources:

(a) A federal program or state housing program administered by the department of commerce or the Washington state housing finance commission;

(b) A federal housing program administered by a city or county government;

(c) An affordable housing levy authorized under RCW 84.52.105; or

(d) The surcharges authorized in ((~~RCW 36.22.178 and 36.22.179~~)) section 1 of this act and any of the surcharges authorized in chapter 43.185C RCW.

(34) A "tenant" is any person who is entitled to occupy a dwelling unit primarily for living or dwelling purposes under a rental agreement.

(35) "Tenant representative" means:

(a) A personal representative of a deceased tenant's estate if known to the landlord;

(b) If the landlord has no knowledge that a personal representative has been appointed for the deceased tenant's estate, a person claiming to be a successor of the deceased tenant who has provided the landlord with proof of death and an affidavit made by the person that meets the requirements of RCW 11.62.010(2);

(c) In the absence of a personal representative under (a) of this subsection or a person claiming to be a successor under (b) of this subsection, a designated person; or

(d) In the absence of a personal representative under (a) of this subsection, a person claiming to be a successor under (b) of this subsection, or a designated person under (c) of this subsection, any person who provides the landlord with reasonable evidence that he or she is a successor of the deceased tenant as defined in RCW 11.62.005. The landlord has no obligation to identify all of the deceased tenant's successors.

(36) "Tenant screening" means using a consumer report or other information about a prospective tenant in deciding whether to make or accept an offer for residential rental property to or from a prospective tenant.

(37) "Tenant screening report" means a consumer report as defined in RCW 19.182.010 and any other information collected by a tenant screening service.

(38) "Transitional housing" means housing units owned, operated, or managed by a nonprofit organization or governmental entity in which supportive services are provided to individuals and families that were formerly homeless, with the intent to stabilize them and move them to permanent housing within a period of not more than twenty-four months, or longer if the program is limited to tenants within a specified age range or the program is intended for tenants in need of time to complete and transition from educational or training or service programs.

**Sec.**  RCW 84.36.560 and 2020 c 273 s 1 are each amended to read as follows:

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

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

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

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

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

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

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

(iv) The surcharges authorized by ((~~RCW 36.22.178 and 36.22.179~~)) section 1 of this act and any of the surcharges authorized in chapter 43.185C RCW; or

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

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

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

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

(3) If a currently exempt rental housing unit or mobile home lot in a mobile home park was occupied by a qualifying household at the time the exemption was granted and the income of the household subsequently rises above the threshold set in subsection (7)(e) of this section but remains at or below eighty percent of the median income, the exemption will continue as long as the housing continues to meet the certification requirements listed in subsection (1) of this section. For purposes of this section, median income, as most recently determined by the federal department of housing and urban development for the county in which the rental housing or mobile home park is located, shall be adjusted for family size. However, if a dwelling unit or a lot becomes vacant and is subsequently rerented, the income of the new household must be at or below the threshold set in subsection (7)(e) of this section to remain exempt from property tax.

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

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

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

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

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

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

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

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

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

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

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

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

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

(f) "Nonprofit entity" means a:

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

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

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

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

**Sec.**  RCW 84.36.675 and 2022 c 93 s 2 are each amended to read as follows:

(1) The real property owned by a limited equity cooperative that provides owned housing for low-income households is exempt from property taxation if:

(a) The benefit of the exemption inures to the limited equity cooperative and its members;

(b) At least 85 percent of the occupied dwelling units in the limited equity cooperative is occupied by members of the limited equity cooperative determined as of January 1st of each assessment year for which the exemption is claimed;

(c) At least 95 percent of the property for which the exemption is sought is used for dwelling units or other noncommercial uses available for use by the members of the limited equity cooperative; and

(d) The housing was insured, financed, or assisted, in whole or in part, through one or more of the following sources:

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

(ii) A federal or state housing program administered by the federal department of housing and urban development;

(iii) A federal housing program administered by a city or county government;

(iv) An affordable housing levy authorized under RCW 84.52.105;

(v) The surcharges authorized by ((~~RCW 36.22.178 and 36.22.179~~)) section 1 of this act and any of the surcharges authorized in chapter 43.185C RCW; or

(vi) The Washington state housing finance commission.

(2) If less than 100 percent of the dwelling units within the limited equity cooperative is occupied by low-income households, the limited equity cooperative is eligible for a partial exemption on the real property. The amount of exemption must be calculated by multiplying the assessed value of the property owned by the limited equity cooperative by a fraction. The numerator of the fraction is the number of dwelling units occupied by low-income households as of January 1st of each assessment year for which the exemption is claimed, and the denominator of the fraction is the total number of dwelling units as of such date.

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

(a) "Cooperative" has the meaning provided in RCW 64.90.010.

(b)(i) "Limited equity cooperative" means a cooperative subject to the Washington uniform common interest ownership act under chapter 64.90 RCW that owns the real property for which an exemption is sought under this section and for which, following the completion of the development or redevelopment of such real property:

(A) Members are prevented from selling their ownership interests other than to a median-income household; and

(B) Members are prevented from selling their ownership interests for a sales price that exceeds the sum of:

(I) The sales price they paid for their ownership interest;

(II) The cost of permanent improvements they made to the dwelling unit during their ownership;

(III) Any special assessments they paid to the limited equity cooperative during their ownership to the extent utilized to make permanent improvements to the building or buildings in which the dwelling units are located; and

(IV) A three percent annual noncompounded return on the above amounts.

(ii) For the purposes of this subsection (3)(b), "sales price" is the total consideration paid or contracted to be paid to the seller or to another for the seller's benefit.

(c) "Low-income household" means a single person, family, or unrelated persons living together whose income is at or below 80 percent of the median income adjusted for family size as most recently determined by the federal department of housing and urban development for the county in which the housing is located and in effect as of January 1st of the year in which the determination is to be made as to whether the single person, family, or unrelated persons living together qualify as a low-income household.

(d) "Median-income household" means a single person, family, or unrelated persons living together whose income is at or below 100 percent of the median income adjusted for family size as most recently determined by the federal department of housing and urban development for the county in which the housing is located and in effect as of January 1st of the year in which the determination is to be made as to whether the single person, family, or unrelated persons living together qualify as a median-income household.

(e) "Members" of a limited equity cooperative means individuals or entities that have an ownership interest in the limited equity cooperative that entitles them to occupy and sell a dwelling unit in the limited equity cooperative.

NEW SECTION. **Sec.**  The following acts or parts of acts are each repealed:

(1) RCW 36.22.176 (Recorded document surcharge—Use) and 2022 c 216 s 7 & 2021 c 214 s 1;

(2) RCW 36.22.178 (Affordable housing for all surcharge—Permissible uses) and 2021 c 214 s 7, 2019 c 136 s 1, 2018 c 66 s 5, 2011 c 110 s 1, 2007 c 427 s 1, 2005 c 484 s 18, & 2002 c 294 s 2;

(3) RCW 36.22.179 (Surcharge for local homeless housing and assistance—Use) and 2021 c 214 s 8, 2019 c 136 s 2, 2018 c 85 s 2, 2017 3rd sp.s. c 16 s 5, 2014 c 200 s 1, 2012 c 90 s 1, 2011 c 110 s 2, 2009 c 462 s 1, 2007 c 427 s 4, & 2005 c 484 s 9;

(4) RCW 36.22.1791 (Additional surcharge for local homeless housing and assistance—Use) and 2021 c 214 s 9, 2019 c 136 s 3, 2011 c 110 s 3, & 2007 c 427 s 5;

(5) RCW 43.185C.061 (Home security fund account—Exemptions from set aside) and 2015 c 69 s 27; and

(6) RCW 43.185C.215 (Transitional housing operating and rent account) and 2008 c 256 s 2.

NEW SECTION. **Sec.**  Section 12 of this act expires January 1, 2033.

**--- END ---**

Passed by the Senate April 17, 2023.

Passed by the House April 11, 2023.

Approved by the Governor May 4, 2023.

Filed in Office of Secretary of State May 4, 2023.