

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE HOUSE BILL 2012**

68th Legislature  
2024 Regular Session

Passed by the House February 12, 2024  
Yeas 69 Nays 28

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**Speaker of the House of  
Representatives**

Passed by the Senate March 1, 2024  
Yeas 36 Nays 13

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**President of the Senate**

Approved

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**Governor of the State of Washington**

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 2012** as passed by the House of Representatives and the Senate on the dates hereon set forth.

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**Chief Clerk**

FILED

**Secretary of State  
State of Washington**

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**SUBSTITUTE HOUSE BILL 2012**

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Passed Legislature - 2024 Regular Session

**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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