
HOUSE BILL 2004

State of Washington

66th Legislature

2019 Regular Session

By Representatives Doglio, Gregerson, Pellicciotti, and Reeves

1 AN ACT Relating to the property tax exemption for nonprofit
2 organizations providing rental housing or mobile home park spaces to
3 very low-income households; amending RCW 84.36.560; and creating a
4 new section.

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

6 **Sec. 1.** RCW 84.36.560 and 2007 c 301 s 1 are each amended to
7 read as follows:

8 (1) The real and personal property owned or used by a nonprofit
9 entity in providing rental housing for very low-income households or
10 used to provide space for the placement of a mobile home for a very
11 low-income household within a mobile home park is exempt from
12 taxation if:

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

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

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

1 (i) A federal or state housing program administered by the
2 department of (~~community, trade, and economic development~~) commerce
3 or the Washington state housing finance commission;

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

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

8 (iv) The surcharges authorized by RCW 36.22.178 and 36.22.179 and
9 any of the surcharges authorized in chapter 43.185C RCW.

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

16 (a) A partial exemption (~~shall be~~) is allowed for each dwelling
17 unit in the rental housing or for each lot in a mobile home park
18 occupied by a very low-income household.

19 (b) The amount of exemption (~~shall~~) must be calculated by
20 multiplying the assessed value of the property reasonably necessary
21 to provide the rental housing or to operate the mobile home park by a
22 fraction. The numerator of the fraction is the number of dwelling
23 units or lots occupied by very low-income households as of December
24 31st of the first assessment year in which the rental housing or
25 mobile home park becomes operational or on January 1st of each
26 subsequent assessment year for which the exemption is claimed. The
27 denominator of the fraction is the total number of dwelling units or
28 lots occupied as of December 31st of the first assessment year the
29 rental housing or mobile home park becomes operational and January
30 1st of each subsequent assessment year for which exemption is
31 claimed.

32 (3) If a currently exempt rental housing unit in a facility with
33 ten units or fewer or mobile home lot in a mobile home park with ten
34 lots or fewer was occupied by a very low-income household at the time
35 the exemption was granted and the income of the household
36 subsequently rises above fifty percent of the median income but
37 remains at or below eighty percent of the median income, the
38 exemption will continue as long as the housing continues to meet the
39 certification requirements of a very low-income housing program
40 listed in subsection (1) of this section. For purposes of this

1 section, median income, as most recently determined by the federal
2 department of housing and urban development for the county in which
3 the rental housing or mobile home park is located, shall be adjusted
4 for family size. However, if a dwelling unit or a lot becomes vacant
5 and is subsequently rerented, the income of the new household must be
6 at or below fifty percent of the median income adjusted for family
7 size as most recently determined by the federal department of housing
8 and urban development for the county in which the rental housing or
9 mobile home park is located to remain exempt from property tax.

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

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

23 (b) The nonprofit entity has manifested its intent in writing to
24 construct, remodel, or otherwise convert the property to housing for
25 very low-income households; and

26 (c) Only the portion of property that will be used to provide
27 housing or lots for very low-income households shall be exempt under
28 this section.

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

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

1 (7) ~~((As used in this section:))~~ The definitions in this
2 subsection apply throughout this section unless the context clearly
3 requires otherwise.

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

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

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

24 (d) "Rental housing" means a residential housing facility or
25 group home that is occupied but not owned by very low-income
26 households;

27 (e) "Very low-income household" means a single person, family, or
28 unrelated persons living together whose income is at or below fifty
29 percent of the median income adjusted for family size as most
30 recently determined by the federal department of housing and urban
31 development for the county in which the rental housing is located and
32 in effect as of January 1st of the year the application for exemption
33 is submitted; and

34 (f) "Nonprofit entity" means a:

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

37 (ii) Limited partnership where a nonprofit as defined in RCW
38 84.36.800 that is exempt from income tax under section 501(c) of the
39 federal internal revenue code, a public corporation established under
40 RCW 35.21.660, 35.21.670, or 35.21.730, a housing authority created

1 under RCW 35.82.030 or 35.82.300, or a housing authority meeting the
2 definition in RCW 35.82.210(2)(a) is a general partner; (~~or~~)

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

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

12 NEW SECTION. **Sec. 2.** The provisions of RCW 82.32.805 and
13 82.32.808 do not apply to this section.

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