
SUBSTITUTE SENATE BILL 5386

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)

READ FIRST TIME 02/14/23.

1 AN ACT Relating to reducing administrative complexity by
2 increasing transparency of revenue flows for activities funded by
3 document recording fees; amending RCW 43.185C.010, 43.185C.045,
4 43.185C.070, 43.185C.080, 43.185C.185, 36.18.010, 84.36.560, and
5 84.36.675; reenacting and amending RCW 43.185C.060, 43.185C.190, and
6 59.18.030; adding a new section to chapter 36.22 RCW; repealing RCW
7 36.22.176, 36.22.178, 36.22.179, 36.22.1791, 43.185C.061, and
8 43.185C.215; and providing an expiration date.

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

10 NEW SECTION. **Sec. 1.** A new section is added to chapter 36.22
11 RCW to read as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 may use up to 10 percent for administrative costs for its homeless
2 housing program;

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

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

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

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

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

36 (4) The department of commerce shall use the funds from the
37 document recording fee or other fund sources deposited in the home
38 security fund account as follows, except that the department of
39 commerce shall provide counties with the right of first refusal to
40 receive grant funds distributed under (b) of this subsection (4). If

1 a county refuses the funds or does not respond within a time frame
2 established by the department, the department shall make good faith
3 efforts to identify one or more suitable alternative grantees
4 operating within that county. The alternative grantee shall
5 distribute the funds in a manner that is in compliance with this
6 chapter. Funding provided through the office of homeless youth
7 prevention and protection programs created in RCW 43.330.705 is
8 exempt from the county first refusal requirement.

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

16 (b) At least 90 percent for homelessness assistance grant
17 programs administered by the department, including but not limited
18 to: Temporary rental assistance; eviction prevention rental
19 assistance per RCW 43.185C.185; emergency shelter and transitional
20 housing operations and maintenance; outreach; diversion; HOPE and
21 crisis residential centers; young adult housing; homeless services
22 and case management for adult, family, youth, and young adult
23 homeless populations and those at risk of homelessness; project-based
24 vouchers for nonprofit housing providers or public housing
25 authorities; tenant-based rent assistance; housing services; rapid
26 rehousing; emergency housing; acquisition; operations; maintenance;
27 and service costs for permanent supportive housing as defined in RCW
28 36.70A.030 for individuals with disabilities. Grantees may also use
29 these funds in partnership with permanent supportive housing programs
30 administered by the office of apple health and homes created in RCW
31 43.330.181. Priority for use must be given to purposes intended to
32 house persons who are chronically homeless or to maintain housing for
33 individuals with disabilities and prior experiences of homelessness,
34 including families with children.

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

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

1 (b) At least 90 percent for the following:

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

8 (ii) Grants to support the building operations, maintenance, and
9 supportive service costs for permanent supportive housing projects,
10 or units within housing projects, that have received or will receive
11 funding from the housing trust fund or other public capital funding
12 programs. The supported projects or units must be dedicated as
13 permanent supportive housing as defined in RCW 36.70A.030, be
14 occupied by extremely low-income households with incomes at or below
15 30 percent of the area median income, and require a supplement to
16 rent income to cover ongoing property operations, maintenance, and
17 supportive services expenses.

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

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

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

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

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

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

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

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

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

1 (7) "Home security fund account" means the state treasury account
2 receiving ~~((the state's portion of))~~ income from revenue ~~((from the~~
3 ~~sources established by RCW 36.22.179 and 36.22.1791))~~ under section
4 1(2)(c) of this act, and all other sources directed to the homeless
5 housing and assistance program.

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

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

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

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

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

31 (13) "HOPE center" means an agency licensed by the secretary of
32 the department of children, youth, and families to provide temporary
33 residential placement and other services to street youth. A street
34 youth may remain in a HOPE center for thirty days while services are
35 arranged and permanent placement is coordinated. No street youth may
36 stay longer than thirty days unless approved by the department and
37 any additional days approved by the department must be based on the
38 unavailability of a long-term placement option. A street youth whose
39 parent wants him or her returned to home may remain in a HOPE center
40 until his or her parent arranges return of the youth, not longer. All

1 other street youth must have court approval under chapter 13.34 or
2 13.32A RCW to remain in a HOPE center up to thirty days.

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

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

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

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

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

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

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

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

37 (22) "Semi-secure facility" means any facility including, but not
38 limited to, crisis residential centers or specialized foster family
39 homes, operated in a manner to reasonably assure that youth placed
40 there will not run away. Pursuant to rules established by the

1 facility administrator, the facility administrator shall establish
2 reasonable hours for residents to come and go from the facility such
3 that no residents are free to come and go at all hours of the day and
4 night. To prevent residents from taking unreasonable actions, the
5 facility administrator, where appropriate, may condition a resident's
6 leaving the facility upon the resident being accompanied by the
7 administrator or the administrator's designee and the resident may be
8 required to notify the administrator or the administrator's designee
9 of any intent to leave, his or her intended destination, and the
10 probable time of his or her return to the center.

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

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

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

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

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

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

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

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

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

9 (i) Emergency shelter;

10 (ii) Homelessness prevention and rapid rehousing;

11 (iii) Permanent housing;

12 (iv) Permanent supportive housing;

13 (v) Transitional housing;

14 (vi) Services only; and

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

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

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

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

29 (g) A report on the expenditures, performance, and outcomes of
30 the independent youth housing program meeting the requirements of RCW
31 43.63A.311;

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

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

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

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

1 (i) A county-level report on the expenditures, performance, and
2 outcomes of the rapid rehousing, project-based vouchers, and housing
3 acquisition programs under (~~RCW 36.22.176~~) section 1 of this act.

4 The report must include, but is not limited to:

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

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

9 (iii) The number of adults without minor children, households
10 with adults and minor children, unaccompanied youth, and young adults
11 who are being served by the programs under (~~RCW 36.22.176~~) section
12 1 of this act in each county.

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

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

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

36 (1) The home security fund account is created in the state
37 treasury, subject to appropriation. (~~The state's portion of the~~
38 ~~surcharge established in RCW 36.22.179 and 36.22.1791 and 36.22.176~~
39 ~~must be deposited in the account.~~)) Expenditures from the account may

1 be used only for (~~homeless housing~~) programs as described in this
2 chapter(~~, including the eviction prevention rental assistance~~
3 ~~program established in RCW 43.185C.185~~)).

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

12 (b) (i) Beginning July 1, 2023, and by July 1st every two years
13 thereafter, the department must award funds (~~for project-based~~
14 ~~vouchers for nonprofit housing providers and related services, rapid~~
15 ~~rehousing, and housing acquisition under RCW 36.22.176~~) under
16 section 1(4)(b) of this act to eligible grantees in a manner that
17 (~~15~~) 7 percent of funding is distributed as a performance-based
18 allocation based on performance metrics created under (a) of this
19 subsection, in addition to any base allocation of funding for the
20 county.

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

39 (3) The department must distinguish allotments from the account
40 made to carry out the activities in RCW 43.330.167, 43.330.700

1 through 43.330.715, 43.330.911, 43.185C.010, and 43.185C.250 through
2 43.185C.320 (~~(, and 36.22.179(1)(b))~~).

3 (4) (~~The office of financial management must secure an~~
4 ~~independent expenditure review of state funds received under RCW~~
5 ~~36.22.179(1)(b) on a biennial basis. The purpose of the review is to~~
6 ~~assess the consistency in achieving policy priorities within the~~
7 ~~private market rental housing segment for housing persons~~
8 ~~experiencing homelessness. The independent reviewer must notify the~~
9 ~~department and the office of financial management of its findings.~~
10 ~~The first biennial expenditure review, for the 2017-2019 fiscal~~
11 ~~biennium, is due February 1, 2020. Independent reviews conducted~~
12 ~~thereafter are due February 1st of each even-numbered year.~~

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

16 **Sec. 5.** RCW 43.185C.070 and 2005 c 484 s 11 are each amended to
17 read as follows:

18 (1) During each calendar year in which moneys from the (~~homeless~~
19 ~~housing~~) home security fund account are available for use by the
20 department for the homeless housing grant program, the department
21 shall announce to all Washington counties, participating cities, and
22 through major media throughout the state, a grant application period
23 of at least ninety days' duration. This announcement will be made as
24 often as the director deems appropriate for proper utilization of
25 resources. The department shall then promptly grant as many
26 applications as will utilize available funds, less appropriate
27 administrative costs of the department as described in (~~RCW~~
28 ~~36.22.179~~) section 1(4)(a) of this act.

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

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

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

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

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

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

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

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

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

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

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

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

34 **Sec. 6.** RCW 43.185C.080 and 2005 c 484 s 12 are each amended to
35 read as follows:

36 (1) Only a local government is eligible to receive a homeless
37 housing grant from the (~~homeless housing~~) home security fund
38 account. Any city may assert responsibility for homeless housing
39 within its borders if it so chooses, by forwarding a resolution to

1 the legislative authority of the county stating its intention and its
2 commitment to operate a separate homeless housing program. The city
3 shall then receive a percentage of the surcharge assessed under ((RCW
4 ~~36.22.179~~)) section 1(2)(b) of this act equal to the percentage of
5 the city's local portion of the real estate excise tax collected by
6 the county. A participating city may also then apply separately for
7 homeless housing program grants. A city choosing to operate a
8 separate homeless housing program shall be responsible for complying
9 with all of the same requirements as counties and shall adopt a local
10 homeless housing plan meeting the requirements of this chapter for
11 county local plans. However, the city may by resolution of its
12 legislative authority accept the county's homeless housing task force
13 as its own and based on that task force's recommendations adopt a
14 homeless housing plan specific to the city.

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

26 (3) A county may decline to participate in the program authorized
27 in this chapter by forwarding to the department a resolution adopted
28 by the county legislative authority stating the intention not to
29 participate. A copy of the resolution shall also be transmitted to
30 the county auditor and treasurer. If such a resolution is adopted,
31 all of the funds otherwise due to the county under RCW 43.185C.060
32 shall be remitted monthly to the state treasurer for deposit in the
33 ((~~homeless housing~~)) home security fund account, without any
34 reduction by the county for collecting or administering the funds.
35 Upon receipt of the resolution, the department shall promptly begin
36 to identify and contract with one or more entities eligible under
37 this section to create and execute a local homeless housing plan for
38 the county meeting the requirements of this chapter. The department
39 shall expend all of the funds received from the county under this
40 subsection to carry out the purposes of chapter 484, Laws of 2005 in

1 the county, provided that the department may retain six percent of
2 these funds to offset the cost of managing the county's program.

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

8 **Sec. 7.** RCW 43.185C.185 and 2021 c 214 s 2 are each amended to
9 read as follows:

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

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

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

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

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

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

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

35 (c) That meet any other eligibility requirements as established
36 by the department after consultation with stakeholder groups,
37 including persons at risk of homelessness due to unpaid rent,
38 representatives of communities of color, homeless service providers,
39 landlord representatives, local governments that administer

1 homelessness assistance, a statewide association representing cities,
2 a statewide association representing counties, a representative of
3 homeless youth and young adults, and affordable housing advocates.

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

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

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

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

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

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

32 (5) The department must ensure equity by developing performance
33 measures and benchmarks that promote both equitable program access
34 and equitable program outcomes. Performance measures and benchmarks
35 must be developed by the department in consultation with stakeholder
36 groups, including persons at risk of homelessness due to unpaid rent,
37 representatives of communities of color, homeless service providers,
38 landlord representatives, local governments that administer
39 homelessness assistance, a statewide association representing cities,
40 a statewide association representing counties, a representative of

1 homeless youth and young adults, and affordable housing advocates.
2 Performance measures and benchmarks must also ensure that the race
3 and ethnicity of households served under the program are proportional
4 to the numbers of people at risk of homelessness in each county for
5 each of the following groups:

- 6 (a) Black or African American;
- 7 (b) American Indian and Alaska Native;
- 8 (c) Native Hawaiian or other Pacific Islander;
- 9 (d) Hispanic or Latinx;
- 10 (e) Asian;
- 11 (f) Other multiracial.

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

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

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

25 **Sec. 8.** RCW 43.185C.190 and 2021 c 334 s 981 and 2021 c 214 s 5
26 are each reenacted and amended to read as follows:

27 The affordable housing for all account is created in the state
28 treasury, subject to appropriation. (~~The state's portion of the~~
29 ~~surcharges established in RCW 36.22.178 and 36.22.176 shall be~~
30 ~~deposited in the account.~~) Expenditures from the account may only be
31 used for (~~affordable housing programs, including operations,~~
32 ~~maintenance, and services as described in RCW 36.22.176(1)(a)~~)
33 allowable uses as described in section 1(5) of this act. During the
34 2021-2023 fiscal biennium, expenditures from the account may be used
35 for operations, maintenance, and services for permanent supportive
36 housing as defined in RCW 36.70A.030. It is the intent of the
37 legislature to continue this policy in future biennia.

1 **Sec. 9.** RCW 36.18.010 and 2022 c 141 s 2 are each amended to
2 read as follows:

3 Except as otherwise ordered by the court pursuant to RCW
4 4.24.130, county auditors or recording officers shall collect the
5 following fees for their official services:

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

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

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

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

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

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

37 (7) For recording plats, fifty cents for each lot except cemetery
38 plats for which the charge shall be twenty-five cents per lot; also
39 one dollar for each acknowledgment, dedication, and description:

1 PROVIDED, That there shall be a minimum fee of twenty-five dollars
2 per plat;

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

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

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

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

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

20 (~~For recording instruments, a surcharge as provided in RCW~~
21 ~~36.22.178; and~~

22 (~~14~~)) For recording instruments, (~~except for documents~~
23 ~~recording a birth, marriage, divorce, or death or any documents~~
24 ~~otherwise exempted from a recording fee under state law, a~~) the
25 surcharge as provided in (~~RCW 36.22.179~~) section 1 of this act.

26 **Sec. 10.** RCW 59.18.030 and 2021 c 212 s 1 are each reenacted and
27 amended to read as follows:

28 As used in this chapter:

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

32 (2) "Certificate of inspection" means an unsworn statement,
33 declaration, verification, or certificate made in accordance with the
34 requirements of chapter 5.50 RCW by a qualified inspector that states
35 that the landlord has not failed to fulfill any substantial
36 obligation imposed under RCW 59.18.060 that endangers or impairs the
37 health or safety of a tenant, including (a) structural members that
38 are of insufficient size or strength to carry imposed loads with
39 safety, (b) exposure of the occupants to the weather, (c) plumbing

1 and sanitation defects that directly expose the occupants to the risk
2 of illness or injury, (d) not providing facilities adequate to supply
3 heat and water and hot water as reasonably required by the tenant,
4 (e) providing heating or ventilation systems that are not functional
5 or are hazardous, (f) defective, hazardous, or missing electrical
6 wiring or electrical service, (g) defective or hazardous exits that
7 increase the risk of injury to occupants, and (h) conditions that
8 increase the risk of fire.

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

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

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

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

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

36 (8) "Distressed home conveyance" has the same meaning as in RCW
37 61.34.020.

38 (9) "Distressed home purchaser" has the same meaning as in RCW
39 61.34.020.

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

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

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

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

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

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

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

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

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

32 (i) The mortgagee;

33 (ii) A person licensed or required to be licensed under chapter
34 19.134 RCW;

35 (iii) A person licensed or required to be licensed under chapter
36 19.146 RCW;

37 (iv) A person licensed or required to be licensed under chapter
38 18.85 RCW;

39 (v) An attorney-at-law;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 any other essential facility or service, with any other dwelling
2 unit.

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

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

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

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

14 (d) The surcharges authorized in (~~RCW 36.22.178 and 36.22.179~~)
15 section 1 of this act and any of the surcharges authorized in chapter
16 43.185C RCW.

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

20 (35) "Tenant representative" means:

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

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

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

31 (d) In the absence of a personal representative under (a) of this
32 subsection, a person claiming to be a successor under (b) of this
33 subsection, or a designated person under (c) of this subsection, any
34 person who provides the landlord with reasonable evidence that he or
35 she is a successor of the deceased tenant as defined in RCW
36 11.62.005. The landlord has no obligation to identify all of the
37 deceased tenant's successors.

38 (36) "Tenant screening" means using a consumer report or other
39 information about a prospective tenant in deciding whether to make or

1 accept an offer for residential rental property to or from a
2 prospective tenant.

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

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

15 **Sec. 11.** RCW 84.36.560 and 2020 c 273 s 1 are each amended to
16 read as follows:

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

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

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

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

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

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

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

33 (iv) The surcharges authorized by (~~RCW 36.22.178 and 36.22.179~~)
34 section 1 of this act and any of the surcharges authorized in chapter
35 43.185C RCW; or

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

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

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

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

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

37 (4) If at the time of initial application the property is
38 unoccupied, or subsequent to the initial application the property is
39 unoccupied because of renovations, and the property is not currently
40 being used for the exempt purpose authorized by this section but will

1 be used for the exempt purpose within two assessment years, the
2 property shall be eligible for a property tax exemption for the
3 assessment year in which the claim for exemption is submitted under
4 the following conditions:

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

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

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

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

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

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

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

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

38 (c) "Occupied dwelling unit" means a living unit that is occupied
39 by an individual or household as of December 31st of the first
40 assessment year the rental housing becomes operational or is occupied

1 by an individual or household on January 1st of each subsequent
2 assessment year in which the claim for exemption is submitted. If the
3 housing facility is comprised of three or fewer dwelling units and
4 there are any unoccupied units on January 1st, the department shall
5 base the amount of the exemption upon the number of occupied dwelling
6 units as of December 31st of the first assessment year the rental
7 housing becomes operational and on May 1st of each subsequent
8 assessment year in which the claim for exemption is submitted;

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

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

18 (ii) Beginning July 1, 2021, "qualifying household" means a
19 single person, family, or unrelated persons living together whose
20 income is at or below sixty percent of the median income adjusted for
21 family size as most recently determined by the federal department of
22 housing and urban development for the county in which the rental
23 housing or mobile home park is located and in effect as of January
24 1st of the year the application for exemption is submitted; and

25 (f) "Nonprofit entity" means a:

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

28 (ii) Limited partnership where a nonprofit as defined in RCW
29 84.36.800 that is exempt from income tax under section 501(c) of the
30 federal internal revenue code, a public corporation established under
31 RCW 35.21.660, 35.21.670, or 35.21.730, a housing authority created
32 under RCW 35.82.030 or 35.82.300, or a housing authority meeting the
33 definition in RCW 35.82.210(2)(a) is a general partner;

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

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

3 **Sec. 12.** RCW 84.36.675 and 2022 c 93 s 2 are each amended to
4 read as follows:

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

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

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

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

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

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

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

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

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

27 (v) The surcharges authorized by (~~RCW 36.22.178 and 36.22.179~~)
28 section 1 of this act and any of the surcharges authorized in chapter
29 43.185C RCW; or

30 (vi) The Washington state housing finance commission.

31 (2) If less than 100 percent of the dwelling units within the
32 limited equity cooperative is occupied by low-income households, the
33 limited equity cooperative is eligible for a partial exemption on the
34 real property. The amount of exemption must be calculated by
35 multiplying the assessed value of the property owned by the limited
36 equity cooperative by a fraction. The numerator of the fraction is
37 the number of dwelling units occupied by low-income households as of
38 January 1st of each assessment year for which the exemption is

1 claimed, and the denominator of the fraction is the total number of
2 dwelling units as of such date.

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

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

6 (b) (i) "Limited equity cooperative" means a cooperative subject
7 to the Washington uniform common interest ownership act under chapter
8 64.90 RCW that owns the real property for which an exemption is
9 sought under this section and for which, following the completion of
10 the development or redevelopment of such real property:

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

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

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

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

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

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

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

27 (c) "Low-income household" means a single person, family, or
28 unrelated persons living together whose income is at or below 80
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 housing is located and in
32 effect as of January 1st of the year in which the determination is to
33 be made as to whether the single person, family, or unrelated persons
34 living together qualify as a low-income household.

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

1 be made as to whether the single person, family, or unrelated persons
2 living together qualify as a median-income household.

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

7 NEW SECTION. **Sec. 13.** The following acts or parts of acts are
8 each repealed:

9 (1) RCW 36.22.176 (Recorded document surcharge—Use) and 2022 c
10 216 s 7 & 2021 c 214 s 1;

11 (2) RCW 36.22.178 (Affordable housing for all surcharge—
12 Permissible uses) and 2021 c 214 s 7, 2019 c 136 s 1, 2018 c 66 s 5,
13 2011 c 110 s 1, 2007 c 427 s 1, 2005 c 484 s 18, & 2002 c 294 s 2;

14 (3) RCW 36.22.179 (Surcharge for local homeless housing and
15 assistance—Use) and 2021 c 214 s 8, 2019 c 136 s 2, 2018 c 85 s 2,
16 2017 3rd sp.s. c 16 s 5, 2014 c 200 s 1, 2012 c 90 s 1, 2011 c 110 s
17 2, 2009 c 462 s 1, 2007 c 427 s 4, & 2005 c 484 s 9;

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

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

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

25 NEW SECTION. **Sec. 14.** Section 12 of this act expires January 1,
26 2033.

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