
HOUSE BILL 1052

State of Washington

68th Legislature

2023 Regular Session

By Representatives Ramel and Lekanoff

Prefiled 12/19/22.

1 AN ACT Relating to providing a property tax exemption for
2 qualified real and personal property owned or used by a nonprofit
3 entity in providing qualified housing funded in whole or part through
4 a local real estate excise tax; amending RCW 84.36.560; and creating
5 a new section.

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

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

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

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

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

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

4 (iv) The surcharges authorized by RCW 36.22.178 and 36.22.179 and
5 any of the surcharges authorized in chapter 43.185C RCW; (~~(e)~~)

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

10 (vi) An affordable housing excise tax authorized under RCW
11 82.46.075.

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

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

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

33 (3) If a currently exempt rental housing unit or mobile home lot
34 in a mobile home park was occupied by a qualifying household at the
35 time the exemption was granted and the income of the household
36 subsequently rises above the threshold set in subsection (7)(e) of
37 this section but remains at or below eighty percent of the median
38 income, the exemption will continue as long as the housing continues
39 to meet the certification requirements listed in subsection (1) of
40 this section. For purposes of this section, median income, as most

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

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

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

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

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

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

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

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

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

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

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

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

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

30 (ii) Beginning July 1, 2021, "qualifying household" means a
31 single person, family, or unrelated persons living together whose
32 income is at or below sixty percent of the median income adjusted for
33 family size as most recently determined by the federal department of
34 housing and urban development for the county in which the rental
35 housing or mobile home park is located and in effect as of January
36 1st of the year the application for exemption is submitted; and

37 (f) "Nonprofit entity" means a:

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

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

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

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

16 NEW SECTION. **Sec. 2.** The provisions of RCW 82.32.805 and
17 82.32.808 do not apply to this act.

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