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**SUBSTITUTE HOUSE BILL 1619**

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**State of Washington**

**52nd Legislature**

**1991 Regular Session**

**By** House Committee on Housing (originally sponsored by Representatives Mitchell, Nelson, Franklin, Wynne, Ferguson, Haugen, Cooper, Rayburn, Roland, Wood, Edmondson, Nealey, Zellinsky, Ogden, Ballard, Winsley, Tate, Paris, D. Sommers, Brough, Wilson, Betrozoff, Jacobsen, Bowman, R. Johnson, Leonard, Padden, Miller and Moyer).

Read first time March 6, 1991.

1       AN ACT Relating to property tax exemptions for improvements to  
2 multifamily rental housing; and adding a new section to chapter 84.36  
3 RCW.

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

5       NEW SECTION.   **Sec. 1.** A new section is added to chapter 84.36 RCW  
6 to read as follows:

7       (1) Any physical improvement to multifamily residential dwellings  
8 upon real property shall be exempt from taxation for the three  
9 assessment years subsequent to the completion of the improvements. In  
10 order to qualify for the property tax exemption the property must meet  
11 the following requirements:

12       (a) The building must be: (i) Owned by a nonprofit organization  
13 eligible to receive housing trust fund assistance under chapter 43.185  
14 RCW; or (ii) leased by an organization eligible to receive housing  
15 trust fund assistance under chapter 43.185 RCW.

1 (b) The building must contain two or more residential dwelling  
2 units.

3 (c) The value of the improvements shall not exceed fifty percent of  
4 the value of the original structure.

5 (d) The structure must have either: (i) Twenty percent or more of  
6 the dwelling units in the structure occupied by households with incomes  
7 at or below fifty percent of median income, adjusted for household  
8 size, for the county where the structure is located; or (ii) forty  
9 percent or more of the dwelling units in the structure occupied by  
10 households with incomes at or below sixty percent of the median income,  
11 adjusted for household size, for the county where the structure is  
12 located. The department of community development shall provide county  
13 median income figures that are adjusted for household size.

14 (e) The gross rent paid by tenants in dwelling units identified in  
15 (d) of this subsection shall not exceed thirty percent of the  
16 applicable qualifying income, adjusted for household size, for the  
17 county where the structure is located. As used in this subsection  
18 (1)(e), gross rent is considered to include all utilities, other than  
19 telephone expenses, but does not include payments under a federal,  
20 state, or local rent subsidy program designed to make the dwelling unit  
21 in the structure affordable to low-income households.

22 (2) Application for the exemption granted by this section must be  
23 made prior to the improvements being made. The application shall be  
24 made on forms prescribed by the department of revenue and furnished to  
25 the taxpayer by the county assessor. This exemption can not be claimed  
26 more than once in a five-year period.

27 (3) The department of revenue, in consultation with the department  
28 of community development, shall adopt such rules as are necessary and  
29 convenient to properly administer the provisions of this section.

1       (4) Applications and any other information received by the county  
2 assessor under this section shall be confidential. However, the  
3 department of community development and the department of revenue may  
4 conduct such audits of the administration of this section and the  
5 claims for exemptions filed under this section as it considers  
6 necessary.

7       (5) Any applicant knowingly signing a false application for an  
8 exemption under this section shall have the exemption revoked under the  
9 provisions of RCW 84.36.845.

10       (6) This section shall expire January 1, 2001, unless extended by  
11 law for an additional period of time.