SB 6332 - H AMD **1526**
By Representative Ormsby

WITHDRAWN 03/07/2008

On page 1, at the beginning of line 6, insert "(1)"

On page 1, after line 15, insert the following:

"(2) The debt limit established in subsection (1) of this section is increased to six billion five hundred million dollars only if sections 2 through 6 of this act take effect by June 30, 2008.

Sec. 2. RCW 43.180.050 and 1986 c 264 s 1 are each amended to read as follows:

(1) In addition to other powers and duties prescribed in this chapter, and in furtherance of the purposes of this chapter to provide decent, safe, sanitary, and affordable housing for eligible persons, the commission is empowered to:

(a) Issue bonds in accordance with this chapter;

(b) Invest in, purchase, or make commitments to purchase or take assignments from mortgage lenders of mortgages or mortgage loans;

(c) Make loans to or deposits with mortgage lenders for the purpose of making mortgage loans; and

(d) Participate fully in federal and other governmental programs and to take such actions as are necessary and consistent with this chapter to secure to itself and the people of the state the benefits of those programs and to meet their requirements, including such actions as the commission considers appropriate in order to have the interest payments on its bonds and other obligations treated as tax exempt under the code.

(2) The commission shall establish eligibility standards for eligible persons, considering at least the following factors:

(a) Income;

(b) Family size;

(c) Cost, condition and energy efficiency of available residential housing;

(d) Availability of decent, safe, and sanitary housing;

(e) Age or infirmity; and

(f) Applicable federal, state, and local requirements.

The state auditor shall audit the books, records, and affairs of the commission annually to determine, among other things, if the use of bond proceeds complies with the general plan of housing finance objectives including compliance with the objective for the use of financing assistance ((~~for implementation of cost-effective energy efficiency measures in dwellings~~)) to increase the supply of affordable and decent housing throughout the state.

Sec. 3. RCW 43.180.070 and 1999 c 372 s 11 and 1999 c 131 s 1 are each reenacted and amended to read as follows:

The commission shall adopt a general plan of housing finance objectives to be implemented by the commission during the period of the plan. The commission may exercise the powers authorized under this chapter prior to the adoption of the initial plan. In developing the plan, the commission shall consider and set objectives for:

(1) The use of funds for single-family and multifamily housing;

(2) The use of funds to promote increased housing density;

(3) The use of funds to promote the provision of affordable housing for the longest period of time possible;

(4) The use of funds for new construction, rehabilitation, including refinancing of existing debt, and home purchases;

((~~(3)~~)) (5) The housing needs of low-income and moderate-income persons and families, and of elderly persons or ((~~mentally or physically handicapped~~)) persons with disabilities or mental illness;

((~~(4)~~)) (6) The use of funds in coordination with federal, state, and local housing programs for low-income persons;

((~~(5)~~)) (7) The use of funds in urban, rural, suburban, and special areas of the state;

((~~(6)~~)) (8) The use of financing assistance to stabilize and upgrade declining urban neighborhoods;

((~~(7)~~)) (9) The use of financing assistance for economically depressed areas, areas of minority concentration, reservations, and in mortgage-deficient areas;

((~~(8)~~)) (10) The geographical distribution of bond proceeds so that the benefits of the housing programs provided under this chapter will be available to address demand on a fair basis throughout the state;

((~~(9)~~)) (11) The use of financing assistance for implementation of cost-effective energy efficiency measures in dwellings.

The plan shall include an estimate of the amount of bonds the commission will issue during the term of the plan and how bond proceeds will be expended.

The plan shall be adopted by resolution of the commission following at least one public hearing thereon, notice of which shall be made by mailing to the clerk of the governing body of each county and by publication in the Washington State Register no more than forty and no less than twenty days prior to the hearing. A draft of the plan shall be made available not less than thirty days prior to any such public hearing. ((~~At least every two years,~~)) The commission shall report to the legislature annually regarding implementation of the plan. The commission shall update the plan every two years.

((~~The commission may periodically update the plan.~~))

The commission shall adopt rules designed to result in the use of bond proceeds in a manner consistent with the plan. The commission may periodically update its rules.

This section is designed to deal only with the use of bond proceeds and nothing in this section shall be construed as a limitation on the commission's authority to issue bonds.

NEW SECTION. **Sec. 4.** A new section is added to chapter 43.180 RCW to read as follows:

The commission must adopt program guidelines to ensure that qualified applications submitted by nonprofit entities are given priority for the use of tax exempt bonds issued under this chapter for multifamily affordable housing developments.

NEW SECTION. **Sec. 5.** A new section is added to chapter 43.185 RCW to read as follows:

The equity program is created in the department to facilitate nonprofit entity use of tax-exempt multifamily bonds issued by the Washington state housing finance commission. The department shall contract with the Washington state housing finance commission to administer the equity program. By December 31, 2008, and annually thereafter, the Washington state housing finance commission must report to the appropriate committees of the legislature, using performance measures, on the activities and accomplishments of the program.

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

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

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

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

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

(i) A federal or state housing program administered by the department of community, trade, and economic development;

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

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

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

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

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

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

(3) If a currently exempt rental housing unit in a facility with ten units or fewer or mobile home lot in a mobile home park with ten lots or fewer was occupied by a very low-income household at the time the exemption was granted and the income of the household subsequently rises above ((~~fifty percent~~)) the very low-income household threshold of the median income but remains at or below eighty percent of the median income, the exemption will continue as long as the housing continues to meet the certification requirements of a very low-income housing program listed in subsection (1) of this section. For purposes of this section, median income, as most recently determined by the federal department of housing and urban development for the county in which the rental housing or mobile home park is located, shall be adjusted for family size. However, if a dwelling unit or a lot becomes vacant and is subsequently rerented, the income of the new household must be at or below ((~~fifty percent~~)) the very low-income household threshold of the median income adjusted for family size as most recently determined by the federal department of housing and urban development for the county in which the rental housing or mobile home park is located to remain exempt from property tax.

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

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

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

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

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

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

(7) As used in this section:

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

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

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

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

(e) "Very low-income household" means<u>: (i) A</u> single person, family, or unrelated persons living together whose income is at or below fifty percent of the median income adjusted for family size as most recently determined by the federal department of housing and urban development for the county in which the rental housing <u>or mobile home space</u> is located and in effect as of January 1st of the year the application for exemption is submitted<u>; or (ii) for properties that have received assistance from the equity program created in section 5 of this act, a single person, family, or unrelated persons living together whose income is at or below sixty percent of the median income adjusted for family size as most recently determined by the federal department of housing and urban development for the county in which the rental housing or mobile home space is located and in effect as of January 1st of the year the application for exemption is submitted</u>; and

(f) "Nonprofit entity" means a:

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

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

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

<u>NEW SECTION.</u> **Sec. 7.** If specific funding for the purposes of section 5 of this act, referencing section 5 of this act by bill or

chapter number and section number, is not provided by June 30, 2008, in the omnibus appropriations act, section 5 of this act is null and void."

Correct the title.

<u>EFFECT:</u> The Housing Finance Commission (HFC) is required to update its plan every two years and report annually to the legislature on the implementation of the plan. New objectives of the HFC include increasing the supply of affordable and decent housing, preserving that housing for as long as possible, and promoting increased housing density. The HFC is required to prioritize applications of nonprofit housing developers for the multifamily tax exempt bond program. The equity program is created to facilitate nonprofit entity use of tax exempt multifamily bonds issued by the Housing Finance Commission. Nonprofits receiving assistance from the equity program may receive a property tax exemption for housing development properties when at least 75 percent of units are occupied by households with incomes at or below 60 percent of the adjusted median county income. A null and void clause is applied to the equity program. The debt limit increase is contingent on the enactment of the above provisions.

--- END ---