
ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1910

State of Washington

60th Legislature

2007 Regular Session

By House Committee on Finance (originally sponsored by Representatives Ormsby, Fromhold, Miloscia, Dunshee, Kenney, Appleton, Darneille, Hasegawa and Morrell)

READ FIRST TIME 03/05/07.

1 AN ACT Relating to tax incentives for certain multiple-unit
2 dwellings in urban centers that provide affordable housing; amending
3 RCW 84.14.005, 84.14.007, 84.14.010, 84.14.020, 84.14.030, 84.14.040,
4 84.14.050, 84.14.060, 84.14.090, 84.14.100, and 84.14.110; adding a new
5 section to chapter 84.14 RCW; and creating a new section.

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

7 **Sec. 1.** RCW 84.14.005 and 1995 c 375 s 1 are each amended to read
8 as follows:

9 The legislature finds:

10 (1) That in many of Washington's urban centers there is
11 insufficient availability of desirable and convenient residential
12 units, including affordable housing units, to meet the needs of a
13 growing number of the public who would live in these urban centers if
14 these desirable, convenient, attractive, affordable, and livable places
15 to live were available;

16 (2) That the development of additional and desirable residential
17 units, including affordable housing units, in these urban centers that
18 will attract and maintain a significant increase in the number of
19 permanent residents in these areas will help to alleviate the

1 detrimental conditions and social liability that tend to exist in the
2 absence of a viable mixed income residential population and will help
3 to achieve the planning goals mandated by the growth management act
4 under RCW 36.70A.020; and

5 (3) That planning solutions to solve the problems of urban sprawl
6 often lack incentive and implementation techniques needed to encourage
7 residential redevelopment in those urban centers lacking a sufficient
8 variety of residential opportunities, and it is in the public interest
9 and will benefit, provide, and promote the public health, safety, and
10 welfare to stimulate new or enhanced residential opportunities,
11 including affordable housing opportunities, within urban centers
12 through a tax incentive as provided by this chapter.

13 **Sec. 2.** RCW 84.14.007 and 1995 c 375 s 2 are each amended to read
14 as follows:

15 It is the purpose of this chapter to encourage increased
16 residential opportunities, including affordable housing opportunities,
17 in cities that are required to plan or choose to plan under the growth
18 management act within urban centers where the (~~legislative body~~)
19 governing authority of the affected city has found there is
20 insufficient housing opportunities, including affordable housing
21 opportunities. It is further the purpose of this chapter to stimulate
22 the construction of new multifamily housing and the rehabilitation of
23 existing vacant and underutilized buildings for multifamily housing in
24 urban centers having insufficient housing opportunities that will
25 increase and improve residential opportunities, including affordable
26 housing opportunities, within these urban centers. To achieve these
27 purposes, this chapter provides for special valuations in residentially
28 deficient urban centers for eligible improvements associated with
29 multiunit housing (~~in residentially deficient urban centers~~), which
30 includes affordable housing.

31 **Sec. 3.** RCW 84.14.010 and 2002 c 146 s 1 are each amended to read
32 as follows:

33 Unless the context clearly requires otherwise, the definitions in
34 this section apply throughout this chapter.

35 (1) "City" means either (a) a city or town with a population of at
36 least (~~thirty~~) fifteen thousand or (b) the largest city or town, if

1 there is no city or town with a population of at least (~~thirty~~)
2 fifteen thousand, located in a county planning under the growth
3 management act.

4 (2) "Affordable housing" means residential housing that is rented
5 by a person or household whose monthly housing costs, including
6 utilities other than telephone, do not exceed thirty percent of the
7 household's monthly income. For the purposes of housing intended for
8 owner occupancy, "affordable housing" means residential housing that is
9 within the means of low or moderate-income households.

10 (3) "Household" means a single person, family, or unrelated persons
11 living together.

12 (4) "Low-income household" means a single person, family, or
13 unrelated persons living together whose adjusted income is at or below
14 eighty percent of the median family income adjusted for family size,
15 for the county where the project is located, as reported by the United
16 States department of housing and urban development. For cities located
17 in high-cost areas, "low-income household" means a household that has
18 an income at or below one hundred percent of the median family income
19 adjusted for family size, for the county where the project is located.

20 (5) "Moderate-income household" means a single person, family, or
21 unrelated persons living together whose adjusted income is more than
22 eighty percent but is at or below one hundred fifteen percent of the
23 median family income adjusted for family size, for the county where the
24 project is located, as reported by the United States department of
25 housing and urban development. For cities located in high-cost areas,
26 "moderate-income household" means a household that has an income that
27 is more than one hundred percent, but at or below one hundred fifty
28 percent, of the median family income adjusted for family size, for the
29 county where the project is located.

30 (6) "High cost area" means a county where the third quarter median
31 house price for the previous year as reported by the Washington center
32 for real estate research at Washington State University is equal to or
33 greater than one hundred thirty percent of the statewide median house
34 price published during the same time period.

35 (7) "Governing authority" means the local legislative authority of
36 a city having jurisdiction over the property for which an exemption may
37 be applied for under this chapter.

38 (~~(3)~~) (8) "Growth management act" means chapter 36.70A RCW.

1 ~~((4))~~ (9) "Multiple-unit housing" means a building having four or
2 more dwelling units not designed or used as transient accommodations
3 and not including hotels and motels. Multifamily units may result from
4 new construction or rehabilitated or conversion of vacant,
5 underutilized, or substandard buildings to multifamily housing.

6 ~~((5))~~ (10) "Owner" means the property owner of record.

7 ~~((6))~~ (11) "Permanent residential occupancy" means multiunit
8 housing that provides either rental or owner occupancy on a
9 nontransient basis. This includes owner-occupied or rental
10 accommodation that is leased for a period of at least one month. This
11 excludes hotels and motels that predominately offer rental
12 accommodation on a daily or weekly basis.

13 ~~((7))~~ (12) "Rehabilitation improvements" means modifications to
14 existing structures, that are vacant for twelve months or longer, that
15 are made to achieve a condition of substantial compliance with existing
16 building codes or modification to existing occupied structures which
17 increase the number of multifamily housing units.

18 ~~((8))~~ (13) "Residential targeted area" means an area within an
19 urban center that has been designated by the governing authority as a
20 residential targeted area in accordance with this chapter.

21 ~~((9))~~ (14) "Substantial compliance" means compliance with local
22 building or housing code requirements that are typically required for
23 rehabilitation as opposed to new construction.

24 ~~((10))~~ (15) "Urban center" means a compact identifiable district
25 where urban residents may obtain a variety of products and services.
26 An urban center must contain:

27 (a) Several existing or previous, or both, business establishments
28 that may include but are not limited to shops, offices, banks,
29 restaurants, governmental agencies;

30 (b) Adequate public facilities including streets, sidewalks,
31 lighting, transit, domestic water, and sanitary sewer systems; and

32 (c) A mixture of uses and activities that may include housing,
33 recreation, and cultural activities in association with either
34 commercial or office, or both, use.

35 **Sec. 4.** RCW 84.14.020 and 2002 c 146 s 2 are each amended to read
36 as follows:

37 (1) The value of new housing construction, conversion, and

1 rehabilitation improvements qualifying under this chapter is exempt
2 from ad valorem property taxation, for ten successive years beginning
3 January 1 of the year immediately following the calendar year of
4 issuance of the certificate of tax exemption eligibility. However, the
5 exemption does not include the value of land or nonhousing-related
6 improvements not qualifying under this chapter. When a local
7 (~~government adopts~~) government's guidelines adopted pursuant to RCW
8 84.14.030(2) (~~and the qualifying dwelling units are each on separate~~
9 ~~parcels for the purpose of property taxation~~) include conditions that
10 must be satisfied with respect to individual dwelling units, rather
11 than with respect to the multiple-unit housing as a whole or some
12 minimum portion thereof, the exemption (~~may, at the local government's~~
13 ~~discretion, be~~) is limited to the value of the qualifying improvements
14 allocable to those dwelling units that meet the local guidelines.

15 (2) In the case of rehabilitation of existing buildings, the
16 exemption does not include the value of improvements constructed prior
17 to the submission of the application required under this chapter. The
18 incentive provided by this chapter is in addition to any other
19 incentives, tax credits, grants, or other incentives provided by law.

20 (3) This chapter does not apply to increases in assessed valuation
21 made by the assessor on nonqualifying portions of building and value of
22 land nor to increases made by lawful order of a county board of
23 equalization, the department of revenue, or a county, to a class of
24 property throughout the county or specific area of the county to
25 achieve the uniformity of assessment or appraisal required by law.

26 (4) At the conclusion of the ten-year exemption period, the new or
27 rehabilitated housing cost shall be considered as new construction for
28 the purposes of chapter 84.55 RCW.

29 **Sec. 5.** RCW 84.14.030 and 2005 c 80 s 1 are each amended to read
30 as follows:

31 An owner of property making application under this chapter must
32 meet the following requirements:

33 (1) The new or rehabilitated multiple-unit housing must be located
34 in a residential targeted area as designated by the city;

35 (2) The multiple-unit housing must meet (~~the~~) guidelines as
36 adopted by the governing authority that must include, for each city,
37 affordable housing requirements established by the governing authority

1 as required by RCW 84.14.040. Other guidelines may include height,
2 density, public benefit features, number and size of proposed
3 development, parking, (~~low income or moderate income occupancy~~
4 ~~requirements,~~) and other adopted requirements indicated necessary by
5 the city. The required amenities should be relative to the size of the
6 project and tax benefit to be obtained;

7 (3) The new, converted, or rehabilitated multiple-unit housing must
8 provide for a minimum of fifty percent of the space for permanent
9 residential occupancy. In the case of existing occupied multifamily
10 development, the multifamily housing must also provide for a minimum of
11 four additional multifamily units. Existing multifamily vacant housing
12 that has been vacant for twelve months or more does not have to provide
13 additional multifamily units;

14 (4) New construction multifamily housing and rehabilitation
15 improvements must be completed within three years from the date of
16 approval of the application;

17 (5) Property proposed to be rehabilitated must fail to comply with
18 one or more standards of the applicable state or local building or
19 housing codes on or after July 23, 1995. If the property proposed to
20 be rehabilitated is not vacant, an applicant shall provide each
21 existing tenant housing of comparable size, quality, and price and a
22 reasonable opportunity to relocate; and

23 (6) The applicant must enter into a contract with the city approved
24 by the governing (~~body~~) authority, or an administrative official or
25 commission authorized by the governing authority, under which the
26 applicant has agreed to the implementation of the development on terms
27 and conditions satisfactory to the governing authority.

28 **Sec. 6.** RCW 84.14.040 and 1995 c 375 s 7 are each amended to read
29 as follows:

30 (1) The following criteria must be met before an area may be
31 designated as a residential targeted area:

32 (a) The area must be within an urban center, as determined by the
33 governing authority;

34 (b) The area must lack, as determined by the governing authority,
35 sufficient available, desirable, and convenient residential housing,
36 including affordable housing, to meet the needs of the public who would

1 be likely to live in the urban center, if the affordable, desirable,
2 attractive, and livable places to live were available; and

3 (c) The providing of additional housing opportunity, including
4 affordable housing, in the area, as determined by the governing
5 authority, will assist in achieving one or more of the stated purposes
6 of this chapter.

7 (2) For the purpose of designating a residential targeted area or
8 areas, the governing authority may adopt a resolution of intention to
9 so designate an area as generally described in the resolution. The
10 resolution must state the time and place of a hearing to be held by the
11 governing authority to consider the designation of the area and may
12 include such other information pertaining to the designation of the
13 area as the governing authority determines to be appropriate to apprise
14 the public of the action intended.

15 (3) The governing authority shall give notice of a hearing held
16 under this chapter by publication of the notice once each week for two
17 consecutive weeks, not less than seven days, nor more than thirty days
18 before the date of the hearing in a paper having a general circulation
19 in the city where the proposed residential targeted area is located.
20 The notice must state the time, date, place, and purpose of the hearing
21 and generally identify the area proposed to be designated as a
22 residential targeted area.

23 (4) Following the hearing, or a continuance of the hearing, the
24 governing authority may designate all or a portion of the area
25 described in the resolution of intent as a residential targeted area if
26 it finds, in its sole discretion, that the criteria in subsections (1)
27 through (3) of this section have been met.

28 (5) After designation of a residential targeted area, the governing
29 authority (~~shall~~) must adopt and implement standards and guidelines
30 to be utilized in considering applications and making the
31 determinations required under RCW 84.14.060. The standards and
32 guidelines must establish basic requirements for both new construction
33 and rehabilitation (~~including~~), which must include:

34 (a) Application process and procedures(~~(. These guidelines may)~~);
35 and

36 (b) By December 1, 2007, affordable housing requirements to ensure
37 that each project receiving a tax exemption provides for mixed income
38 housing either within the project itself or within the jurisdiction

1 that is affordable to both low and moderate-income households, except
2 in the case of projects intended exclusively for owner occupancy, in
3 which case the affordable housing requirement need only require that
4 the project provide for mixed-income housing affordable to moderate-
5 income households. In the development of affordable housing
6 requirements, a city governing authority shall consider a variety of
7 methods to achieve the affordable housing requirements of this section
8 including, but not limited to, the possible method of mandating that a
9 specific percentage of units be made available for specific income
10 level populations, either within the property itself or located
11 elsewhere within the jurisdiction. A city governing authority shall
12 also consider potential components of its affordable housing
13 requirements including, but not limited to:

14 (i) Establishing standards related to the comparative quality,
15 size, location, and other characteristics of any affordable housing
16 units relative to units not designated as affordable; and

17 (ii) Whether an equivalent financial contribution directed towards
18 the production of affordable housing units within the jurisdiction can
19 be made by a property owner in lieu of the physical creation of
20 affordable housing units and, if so, how the amount of that equivalent
21 financial contribution shall be calculated.

22 (6) The governing authority may adopt and implement additional
23 standards and guidelines to be utilized in considering applications and
24 making the determinations required under RCW 84.14.060, which may
25 include the following:

26 (a) Additional or more stringent affordable housing requirements
27 than are required under state law;

28 (b) Requirements that address demolition of existing structures and
29 site utilization; and

30 ~~((b))~~ (c) Building requirements that may include elements
31 addressing parking, height, density, environmental impact, and
32 compatibility with the existing surrounding property and such other
33 amenities as will attract and keep permanent residents and that will
34 properly enhance the livability of the residential targeted area in
35 which they are to be located.

36 **Sec. 7.** RCW 84.14.050 and 1999 c 132 s 2 are each amended to read
37 as follows:

1 An owner of property seeking tax incentives under this chapter must
2 complete the following procedures:

3 (1) In the case of rehabilitation or where demolition or new
4 construction is required, the owner shall secure from the governing
5 authority or duly authorized (~~agent~~) representative, before
6 commencement of rehabilitation improvements or new construction,
7 verification of property noncompliance with applicable building and
8 housing codes;

9 (2) In the case of new and rehabilitated multifamily housing, the
10 owner shall apply to the city on forms adopted by the governing
11 authority. The application must contain the following:

12 (a) Information setting forth the grounds supporting the requested
13 exemption including information indicated on the application form or in
14 the guidelines;

15 (b) A description of the project and site plan, including the floor
16 plan of units and other information requested;

17 (c) A statement that the applicant is aware of the potential tax
18 liability involved when the property ceases to be eligible for the
19 incentive provided under this chapter;

20 (3) The applicant must verify the application by oath or
21 affirmation; and

22 (4) The application must be accompanied by the application fee, if
23 any, required under RCW 84.14.080. The governing authority may permit
24 the applicant to revise an application before final action by the
25 governing authority.

26 **Sec. 8.** RCW 84.14.060 and 1995 c 375 s 9 are each amended to read
27 as follows:

28 The duly authorized administrative official or committee of the
29 city may approve the application if it finds that:

30 (1) A minimum of four new units are being constructed or in the
31 case of occupied rehabilitation or conversion a minimum of four
32 additional multifamily units are being developed;

33 (2) The proposed multiunit housing project meets the housing
34 affordability requirements as established by the governing authority as
35 required in RCW 84.14.040.

36 (3) The proposed project is or will be, at the time of completion,

1 in conformance with all local plans and regulations that apply at the
2 time the application is approved;

3 ~~((3))~~ (4) The owner has complied with all standards and
4 guidelines adopted by the city under this chapter; and

5 ~~((4))~~ (5) The site is located in a residential targeted area of
6 an urban center that has been designated by the governing authority in
7 accordance with procedures and guidelines indicated in RCW 84.14.040.

8 **Sec. 9.** RCW 84.14.090 and 1995 c 375 s 12 are each amended to read
9 as follows:

10 (1) Upon completion of rehabilitation or new construction for which
11 an application for a limited tax exemption under this chapter has been
12 approved and after issuance of the certificate of occupancy, the owner
13 shall file with the city the following:

14 (a) A statement of the amount of rehabilitation or construction
15 expenditures made with respect to each housing unit and the composite
16 expenditures made in the rehabilitation or construction of the entire
17 property;

18 (b) A description of the work that has been completed and a
19 statement that the rehabilitation improvements or new construction on
20 the owner's property qualify the property for limited exemption under
21 this chapter; ~~((and))~~

22 (c) A statement that the project meets the housing affordability
23 requirements established by the governing authority as required in RCW
24 84.14.040; and

25 (d) A statement that the work has been completed within three years
26 of the issuance of the conditional certificate of tax exemption.

27 (2) Within thirty days after receipt of the statements required
28 under subsection (1) of this section, the authorized representative of
29 the city shall determine whether the work completed, and the
30 affordability of the units, is consistent with the application and the
31 contract approved by the ~~((governing authority))~~ city and is qualified
32 for a limited tax exemption under this chapter. The city shall also
33 determine which specific improvements completed meet the requirements
34 and required findings.

35 (3) If the rehabilitation, conversion, or construction is completed
36 within three years of the date the application for a limited tax
37 exemption is filed under this chapter, or within an authorized

1 extension of this time limit, and the authorized representative of the
2 city determines that improvements were constructed consistent with the
3 application and other applicable requirements, including affordable
4 housing requirements, and the owner's property is qualified for a
5 limited tax exemption under this chapter, the city shall file the
6 certificate of tax exemption with the county assessor within ten days
7 of the expiration of the thirty-day period provided under subsection
8 (2) of this section.

9 (4) The authorized representative of the city shall notify the
10 applicant that a certificate of tax exemption is not going to be filed
11 if the authorized representative determines that:

12 (a) The rehabilitation or new construction was not completed within
13 three years of the application date, or within any authorized extension
14 of the time limit;

15 (b) The improvements were not constructed consistent with the
16 application or other applicable requirements; (~~or~~)

17 (c) The affordable housing requirements established by the
18 governing authority as required in RCW 84.14.040 were not met; or

19 (d) The owner's property is otherwise not qualified for limited
20 exemption under this chapter.

21 (5) If the authorized representative of the city finds that
22 construction or rehabilitation of multiple-unit housing was not
23 completed within the required time period due to circumstances beyond
24 the control of the owner and that the owner has been acting and could
25 reasonably be expected to act in good faith and with due diligence, the
26 governing authority or the city official authorized by the governing
27 authority may extend the deadline for completion of construction or
28 rehabilitation for a period not to exceed twenty-four consecutive
29 months.

30 (6) The governing authority may provide by ordinance for an appeal
31 of a decision by the deciding officer or authority that an owner is not
32 entitled to a certificate of tax exemption to the governing authority,
33 a hearing examiner, or other city officer authorized by the governing
34 authority to hear the appeal in accordance with such reasonable
35 procedures and time periods as provided by ordinance of the governing
36 authority. The owner may appeal a decision by the deciding officer or
37 authority that is not subject to local appeal or a decision by the
38 local appeal authority that the owner is not entitled to a certificate

1 of tax exemption in superior court under RCW 34.05.510 through
2 34.05.598, if the appeal is filed within thirty days of notification by
3 the city to the owner of the decision being challenged.

4 **Sec. 10.** RCW 84.14.100 and 1995 c 375 s 13 are each amended to
5 read as follows:

6 Thirty days after the anniversary of the date of the certificate of
7 tax exemption and each year for a period of ten years, the owner of the
8 rehabilitated or newly constructed property shall file with a
9 designated (~~agent~~) authorized representative of the city an annual
10 report indicating the following:

11 (1) A statement of occupancy and vacancy of the rehabilitated or
12 newly constructed property during the twelve months ending with the
13 anniversary date;

14 (2) The total number of units produced and the number and
15 percentage of units affordable to low and moderate-income households;

16 (3) The actual development cost of each unit receiving a tax
17 exemption;

18 (4) The total monthly rent or sale amount of each unit receiving a
19 tax exemption;

20 (5) The income of each renter household at the time of initial
21 occupancy and the income of each initial purchaser of owner-occupied
22 units at the time of purchase for each of the units receiving a tax
23 exemption;

24 (6) A certification by the owner that the property has not changed
25 use and that the property has been in compliance with the affordable
26 housing requirements established by the governing authority as required
27 in RCW 84.14.040 since the date of the certificate approved by the
28 city; (~~and~~

29 ~~+3+))~~ (7) A description of changes or improvements constructed
30 after issuance of the certificate of tax exemption; and

31 (8) Any additional information requested by the city in regards to
32 the units receiving a tax exemption.

33 **Sec. 11.** RCW 84.14.110 and 2002 c 146 s 3 are each amended to read
34 as follows:

35 (1) If improvements have been exempted under this chapter, the
36 improvements continue to be exempted and not be converted to another

1 use for at least ten years from date of issuance of the certificate of
2 tax exemption. If the owner intends to convert the multifamily
3 development to another use, or if the owner intends to discontinue
4 compliance with the affordable housing requirements established by the
5 governing authority as required in RCW 84.14.040, the owner shall
6 notify the assessor within sixty days of the change in use. If, after
7 a certificate of tax exemption has been filed with the county assessor,
8 the ~~((city or assessor or agent))~~ authorized representative of the
9 governing authority discovers that a portion of the property is changed
10 or will be changed to a use that is other than residential or that
11 housing or amenities no longer meet the requirements, including
12 affordable housing requirements, as previously approved or agreed upon
13 by contract between the ~~((governing authority))~~ city and the owner and
14 that the multifamily housing, or a portion of the housing, no longer
15 qualifies for the exemption, the tax exemption must be canceled and the
16 following must occur:

17 (a) Additional real property tax must be imposed upon the value of
18 the nonqualifying improvements in the amount that would normally be
19 imposed, plus a penalty must be imposed amounting to twenty percent.
20 This additional tax is calculated based upon the difference between the
21 property tax paid and the property tax that would have been paid if it
22 had included the value of the nonqualifying improvements dated back to
23 the date that the improvements were converted to a nonmultifamily use;

24 (b) The tax must include interest upon the amounts of the
25 additional tax at the same statutory rate charged on delinquent
26 property taxes from the dates on which the additional tax could have
27 been paid without penalty if the improvements had been assessed at a
28 value without regard to this chapter; and

29 (c) The additional tax owed together with interest and penalty must
30 become a lien on the land and attach at the time the property or
31 portion of the property is removed from multifamily use or the
32 amenities no longer meet applicable requirements, and has priority to
33 and must be fully paid and satisfied before a recognizance, mortgage,
34 judgment, debt, obligation, or responsibility to or with which the land
35 may become charged or liable. The lien may be foreclosed upon
36 expiration of the same period after delinquency and in the same manner
37 provided by law for foreclosure of liens for delinquent real property

1 taxes. An additional tax unpaid on its due date is delinquent. From
2 the date of delinquency until paid, interest must be charged at the
3 same rate applied by law to delinquent ad valorem property taxes.

4 (2) Upon a determination that a tax exemption is to be canceled for
5 a reason stated in this section, the governing authority or authorized
6 representative shall notify the record owner of the property as shown
7 by the tax rolls by mail, return receipt requested, of the
8 determination to cancel the exemption. The owner may appeal the
9 determination to the governing authority or authorized representative,
10 within thirty days by filing a notice of appeal with the clerk of the
11 governing authority, which notice must specify the factual and legal
12 basis on which the determination of cancellation is alleged to be
13 erroneous. The governing authority or a hearing examiner or other
14 official authorized by the governing authority may hear the appeal. At
15 the hearing, all affected parties may be heard and all competent
16 evidence received. After the hearing, the deciding body or officer
17 shall either affirm, modify, or repeal the decision of cancellation of
18 exemption based on the evidence received. An aggrieved party may
19 appeal the decision of the deciding body or officer to the superior
20 court under RCW 34.05.510 through 34.05.598.

21 (3) Upon determination by the governing authority or authorized
22 representative to terminate an exemption, the county officials having
23 possession of the assessment and tax rolls shall correct the rolls in
24 the manner provided for omitted property under RCW 84.40.080. The
25 county assessor shall make such a valuation of the property and
26 improvements as is necessary to permit the correction of the rolls.
27 The value of the new housing construction, conversion, and
28 rehabilitation improvements added to the rolls shall be considered as
29 new construction for the purposes of chapter 84.55 RCW. The owner may
30 appeal the valuation to the county board of equalization under chapter
31 84.48 RCW and according to the provisions of RCW 84.40.038. If there
32 has been a failure to comply with this chapter, the property must be
33 listed as an omitted assessment for assessment years beginning January
34 1 of the calendar year in which the noncompliance first occurred, but
35 the listing as an omitted assessment may not be for a period more than
36 three calendar years preceding the year in which the failure to comply
37 was discovered.

1 NEW SECTION. **Sec. 12.** A new section is added to chapter 84.14 RCW
2 to read as follows:

3 (1) All cities, which issue certificates of tax exemption for
4 multiunit housing that conform to the requirements of this chapter,
5 shall report annually by December 31st of each year, beginning in 2007,
6 to the department of community, trade, and economic development. The
7 report must include the following information:

8 (a) A statement of the city affordable housing requirements
9 established by the governing authority as required in RCW 84.14.040 and
10 the rationale used in determining those requirements;

11 (b) The number of tax exemption certificates granted;

12 (c) The total number and type of units produced or to be produced;

13 (d) The number and type of units produced or to be produced meeting
14 the city affordable housing requirements;

15 (e) The actual development cost of each unit produced;

16 (f) The total monthly rent or total sale amount of each unit
17 produced;

18 (g) The income of each renter household at the time of initial
19 occupancy and the income of each initial purchaser of owner-occupied
20 units at the time of purchase for each of the units receiving a tax
21 exemption and a summary of these figures for the city; and

22 (h) The value of the tax exemption for each project receiving a tax
23 exemption and the total value of tax exemptions granted.

24 (2) The department of community, trade, and economic development
25 may also establish performance measures specifically for the tax
26 exemption program upon which the participating cities shall annually
27 report or may require cities to report upon existing affordable housing
28 performance measures related to the tax exemption program.

29 (3) Cities must include this report in all local housing plans and
30 the department of community, trade, and economic development must
31 include a consolidated summary of program reports in all state housing
32 plans.

33 (4) Beginning in 2009, all cities, which issue certificates of tax
34 exemption for multiunit housing that conform to the requirements of
35 this chapter and which receive over five hundred thousand dollars a
36 year during the previous calendar year from: State housing-related
37 funding sources, including the housing trust fund; Washington state
38 housing finance commission programs; and the ending homelessness

1 program surcharge in RCW 36.22.179 and the surcharges in RCW 36.22.178,
2 shall apply to the full examination Washington state quality award
3 program once every three years beginning by January 1, 2010.

4 NEW SECTION. **Sec. 13.** This act is applicable only to applications
5 for tax exemption certificates submitted under this chapter after the
6 effective date of this act, except for those applications approved on
7 or before November 30, 2007.

--- END ---