
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 or, in the case
10 of high cost areas, housing that is within the means of households
11 whose adjusted income is less than one hundred fifty percent of the
12 median family income, adjusted for family size for the county where the
13 project is located.

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

16 (4) "Low-income household" means a single person, family, or
17 unrelated persons living together whose adjusted income is less than
18 eighty percent of the median family income, except as provided in RCW
19 84.14.040, adjusted for family size, for the county where the project
20 is located.

21 (5) "Moderate-income household" means a single person, family, or
22 unrelated persons living together whose income is more than eighty
23 percent but is at or below one hundred fifteen percent of the median
24 family income, except as provided in RCW 84.14.040, adjusted for family
25 size, for the county where the project is located.

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

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

34 (~~(3)~~) (8) "Growth management act" means chapter 36.70A RCW.

35 (~~(4)~~) (9) "Multiple-unit housing" means a building having four or
36 more dwelling units not designed or used as transient accommodations
37 and not including hotels and motels. Multifamily units may result from

1 new construction or rehabilitated or conversion of vacant,
2 underutilized, or substandard buildings to multifamily housing.

3 ~~((+5))~~ (10) "Owner" means the property owner of record.

4 ~~((+6))~~ (11) "Permanent residential occupancy" means multiunit
5 housing that provides either rental or owner occupancy on a
6 nontransient basis. This includes owner-occupied or rental
7 accommodation that is leased for a period of at least one month. This
8 excludes hotels and motels that predominately offer rental
9 accommodation on a daily or weekly basis.

10 ~~((+7))~~ (12) "Rehabilitation improvements" means modifications to
11 existing structures, that are vacant for twelve months or longer, that
12 are made to achieve a condition of substantial compliance with existing
13 building codes or modification to existing occupied structures which
14 increase the number of multifamily housing units.

15 ~~((+8))~~ (13) "Residential targeted area" means an area within an
16 urban center that has been designated by the governing authority as a
17 residential targeted area in accordance with this chapter.

18 ~~((+9))~~ (14) "Substantial compliance" means compliance with local
19 building or housing code requirements that are typically required for
20 rehabilitation as opposed to new construction.

21 ~~((+10))~~ (15) "Urban center" means a compact identifiable district
22 where urban residents may obtain a variety of products and services.
23 An urban center must contain:

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

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

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

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

34 (1) The value of new housing construction, conversion, and
35 rehabilitation improvements qualifying under this chapter is exempt
36 from ad valorem property taxation, for ten successive years beginning
37 January 1 of the year immediately following the calendar year of

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

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

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

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

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

28 An owner of property making application under this chapter must
29 meet the following requirements:

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

32 (2) The multiple-unit housing must meet (~~the~~) guidelines as
33 adopted by the governing authority that must include, for each city,
34 affordable housing requirements established by the governing authority
35 as required by RCW 84.14.040. Other guidelines may include height,
36 density, public benefit features, number and size of proposed
37 development, parking, (~~low income or moderate income occupancy~~

1 ~~requirements,~~) and other adopted requirements indicated necessary by
2 the city. The required amenities should be relative to the size of the
3 project and tax benefit to be obtained;

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

11 (4) New construction multifamily housing and rehabilitation
12 improvements must be completed within three years from the date of
13 approval of the application;

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

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

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

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

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

31 (b) The area must lack, as determined by the governing authority,
32 sufficient available, desirable, and convenient residential housing,
33 including affordable housing, to meet the needs of the public who would
34 be likely to live in the urban center, if the affordable, desirable,
35 attractive, and livable places to live were available; and

36 (c) The providing of additional housing opportunity, including

1 affordable housing, in the area, as determined by the governing
2 authority, will assist in achieving one or more of the stated purposes
3 of this chapter.

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

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

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

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

- 31 (a) Application process and procedures; and
32 (b) By December 1, 2007, affordable housing requirements to ensure
33 that each project receiving a tax exemption provides for mixed income
34 housing that includes a percentage of units that are affordable to low
35 and moderate-income households, except for high cost areas wherein the
36 affordable housing requirements must provide for mixed income housing
37 that includes:

1 (i) For rental units, a percentage of units that are affordable to
2 households that have an adjusted income, which is less than one hundred
3 percent of the median family income, adjusted for family size for the
4 county where the project is located; and

5 (ii) For owner-occupancy units, a percentage of units that are
6 affordable to households that have an adjusted income, which is less
7 than one hundred fifty percent of the median family income, adjusted
8 for family size for the county where the project is located. These
9 guidelines may also include the following:

10 ~~((a))~~ (A) Requirements that address demolition of existing
11 structures and site utilization; and

12 ~~((b))~~ (B) Building requirements that may include elements
13 addressing parking, height, density, environmental impact, and
14 compatibility with the existing surrounding property and such other
15 amenities as will attract and keep permanent residents and that will
16 properly enhance the livability of the residential targeted area in
17 which they are to be located.

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

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

22 (1) In the case of rehabilitation or where demolition or new
23 construction is required, the owner shall secure from the governing
24 authority or duly authorized ~~((agent))~~ representative, before
25 commencement of rehabilitation improvements or new construction,
26 verification of property noncompliance with applicable building and
27 housing codes;

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

31 (a) Information setting forth the grounds supporting the requested
32 exemption including information indicated on the application form or in
33 the guidelines;

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

36 (c) A statement that the applicant is aware of the potential tax

1 liability involved when the property ceases to be eligible for the
2 incentive provided under this chapter;

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

5 (4) The application must be accompanied by the application fee, if
6 any, required under RCW 84.14.080. The governing authority may permit
7 the applicant to revise an application before final action by the
8 governing authority.

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

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

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

16 (2) The proposed multiunit housing project meets the housing
17 affordability requirements as established by the governing authority as
18 required in RCW 84.14.040.

19 (3) The proposed project is or will be, at the time of completion,
20 in conformance with all local plans and regulations that apply at the
21 time the application is approved;

22 ~~((3))~~ (4) The owner has complied with all standards and
23 guidelines adopted by the city under this chapter; and

24 ~~((4))~~ (5) The site is located in a residential targeted area of
25 an urban center that has been designated by the governing authority in
26 accordance with procedures and guidelines indicated in RCW 84.14.040.

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

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

33 (a) A statement of the amount of rehabilitation or construction
34 expenditures made with respect to each housing unit and the composite
35 expenditures made in the rehabilitation or construction of the entire
36 property;

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

5 (c) A statement that the project meets the housing affordability
6 requirements established by the governing authority as required in RCW
7 84.14.040; and

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

10 (2) Within thirty days after receipt of the statements required
11 under subsection (1) of this section, the authorized representative of
12 the city shall determine whether the work completed, and the
13 affordability of the units, is consistent with the application and the
14 contract approved by the ~~((governing authority))~~ city and is qualified
15 for a limited tax exemption under this chapter. The city shall also
16 determine which specific improvements completed meet the requirements
17 and required findings.

18 (3) If the rehabilitation, conversion, or construction is completed
19 within three years of the date the application for a limited tax
20 exemption is filed under this chapter, or within an authorized
21 extension of this time limit, and the authorized representative of the
22 city determines that improvements were constructed consistent with the
23 application and other applicable requirements, including affordable
24 housing requirements, and the owner's property is qualified for a
25 limited tax exemption under this chapter, the city shall file the
26 certificate of tax exemption with the county assessor within ten days
27 of the expiration of the thirty-day period provided under subsection
28 (2) of this section.

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

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

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

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

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

3 (5) If the authorized representative of the city finds that
4 construction or rehabilitation of multiple-unit housing was not
5 completed within the required time period due to circumstances beyond
6 the control of the owner and that the owner has been acting and could
7 reasonably be expected to act in good faith and with due diligence, the
8 governing authority or the city official authorized by the governing
9 authority may extend the deadline for completion of construction or
10 rehabilitation for a period not to exceed twenty-four consecutive
11 months.

12 (6) The governing authority may provide by ordinance for an appeal
13 of a decision by the deciding officer or authority that an owner is not
14 entitled to a certificate of tax exemption to the governing authority,
15 a hearing examiner, or other city officer authorized by the governing
16 authority to hear the appeal in accordance with such reasonable
17 procedures and time periods as provided by ordinance of the governing
18 authority. The owner may appeal a decision by the deciding officer or
19 authority that is not subject to local appeal or a decision by the
20 local appeal authority that the owner is not entitled to a certificate
21 of tax exemption in superior court under RCW 34.05.510 through
22 34.05.598, if the appeal is filed within thirty days of notification by
23 the city to the owner of the decision being challenged.

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

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

31 (1) A statement of occupancy and vacancy of the rehabilitated or
32 newly constructed property during the twelve months ending with the
33 anniversary date;

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

36 (3) The actual development cost of each unit receiving a tax
37 exemption;

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

3 (5) The income of each renter household at the time of initial
4 occupancy and the income of each initial purchaser of owner-occupied
5 units at the time of purchase for each of the units receiving a tax
6 exemption;

7 (6) A certification by the owner that the property has not changed
8 use and that the property has been in compliance with the affordable
9 housing requirements established by the governing authority as required
10 in RCW 84.14.040 since the date of the certificate approved by the
11 city; (~~and~~

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

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

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

18 (1) If improvements have been exempted under this chapter, the
19 improvements continue to be exempted and not be converted to another
20 use for at least ten years from date of issuance of the certificate of
21 tax exemption. If the owner intends to convert the multifamily
22 development to another use, or if the owner intends to discontinue
23 compliance with the affordable housing requirements established by the
24 governing authority as required in RCW 84.14.040, the owner shall
25 notify the assessor within sixty days of the change in use. If, after
26 a certificate of tax exemption has been filed with the county assessor,
27 the (~~city or assessor or agent~~) authorized representative of the
28 governing authority discovers that a portion of the property is changed
29 or will be changed to a use that is other than residential or that
30 housing or amenities no longer meet the requirements, including
31 affordable housing requirements, as previously approved or agreed upon
32 by contract between the (~~governing authority~~) city and the owner and
33 that the multifamily housing, or a portion of the housing, no longer
34 qualifies for the exemption, the tax exemption must be canceled and the
35 following must occur:

36 (a) Additional real property tax must be imposed upon the value of
37 the nonqualifying improvements in the amount that would normally be

1 imposed, plus a penalty must be imposed amounting to twenty percent.
2 This additional tax is calculated based upon the difference between the
3 property tax paid and the property tax that would have been paid if it
4 had included the value of the nonqualifying improvements dated back to
5 the date that the improvements were converted to a nonmultifamily use;

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

11 (c) The additional tax owed together with interest and penalty must
12 become a lien on the land and attach at the time the property or
13 portion of the property is removed from multifamily use or the
14 amenities no longer meet applicable requirements, and has priority to
15 and must be fully paid and satisfied before a recognizance, mortgage,
16 judgment, debt, obligation, or responsibility to or with which the land
17 may become charged or liable. The lien may be foreclosed upon
18 expiration of the same period after delinquency and in the same manner
19 provided by law for foreclosure of liens for delinquent real property
20 taxes. An additional tax unpaid on its due date is delinquent. From
21 the date of delinquency until paid, interest must be charged at the
22 same rate applied by law to delinquent ad valorem property taxes.

23 (2) Upon a determination that a tax exemption is to be canceled for
24 a reason stated in this section, the governing authority or authorized
25 representative shall notify the record owner of the property as shown
26 by the tax rolls by mail, return receipt requested, of the
27 determination to cancel the exemption. The owner may appeal the
28 determination to the governing authority or authorized representative,
29 within thirty days by filing a notice of appeal with the clerk of the
30 governing authority, which notice must specify the factual and legal
31 basis on which the determination of cancellation is alleged to be
32 erroneous. The governing authority or a hearing examiner or other
33 official authorized by the governing authority may hear the appeal. At
34 the hearing, all affected parties may be heard and all competent
35 evidence received. After the hearing, the deciding body or officer
36 shall either affirm, modify, or repeal the decision of cancellation of
37 exemption based on the evidence received. An aggrieved party may

1 appeal the decision of the deciding body or officer to the superior
2 court under RCW 34.05.510 through 34.05.598.

3 (3) Upon determination by the governing authority or authorized
4 representative to terminate an exemption, the county officials having
5 possession of the assessment and tax rolls shall correct the rolls in
6 the manner provided for omitted property under RCW 84.40.080. The
7 county assessor shall make such a valuation of the property and
8 improvements as is necessary to permit the correction of the rolls.
9 The value of the new housing construction, conversion, and
10 rehabilitation improvements added to the rolls shall be considered as
11 new construction for the purposes of chapter 84.55 RCW. The owner may
12 appeal the valuation to the county board of equalization under chapter
13 84.48 RCW and according to the provisions of RCW 84.40.038. If there
14 has been a failure to comply with this chapter, the property must be
15 listed as an omitted assessment for assessment years beginning January
16 1 of the calendar year in which the noncompliance first occurred, but
17 the listing as an omitted assessment may not be for a period more than
18 three calendar years preceding the year in which the failure to comply
19 was discovered.

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

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

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

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

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

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

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

35 (f) The total monthly rent or total sale amount of each unit
36 produced;

1 (g) The income of each renter household at the time of initial
2 occupancy and the income of each initial purchaser of owner-occupied
3 units at the time of purchase for each of the units receiving a tax
4 exemption and a summary of these figures for the city; and

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

7 (2) The department of community, trade, and economic development
8 may also establish performance measures specifically for the tax
9 exemption program upon which the participating cities shall annually
10 report or may require cities to report upon existing affordable housing
11 performance measures related to the tax exemption program.

12 (3) Cities must include this report in all local housing plans and
13 the department of community, trade, and economic development must
14 include a consolidated summary of program reports in all state housing
15 plans.

16 (4) Beginning in 2009, all cities, which issue certificates of tax
17 exemption for multiunit housing that conform to the requirements of
18 this chapter and which receive over five hundred thousand dollars a
19 year during the previous calendar year from: State housing-related
20 funding sources, including the housing trust fund; Washington state
21 housing finance commission programs; and the ending homelessness
22 program surcharge in RCW 36.22.179 and the surcharges in RCW 36.22.178,
23 shall apply to the full examination Washington state quality award
24 program once every three years beginning by January 1, 2010.

25 NEW SECTION. **Sec. 13.** This act is applicable only to cities that
26 issue certificates of tax exemption for multiunit housing under this
27 chapter and applications for tax exemption certificates submitted under
28 this chapter, after the effective date of this act.

--- END ---