
SENATE BILL 5404

State of Washington 60th Legislature 2007 Regular Session

By Senators Jacobsen, Haugen, McCaslin, Kline, Weinstein and Kohl-Welles

Read first time 01/18/2007. Referred to Committee on Consumer Protection & Housing.

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, 84.14.030, 84.14.040, 84.14.050,
4 84.14.060, 84.14.090, 84.14.100, and 84.14.110; adding new sections to
5 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 affordable housing and other residential redevelopment in those urban
8 centers lacking a sufficient variety of residential opportunities, and
9 it is in the public interest and will benefit, provide, and promote the
10 public health, safety, and welfare to stimulate new or enhanced
11 affordable housing and other residential opportunities within urban
12 centers 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 affordable
16 housing and other residential opportunities in cities that are required
17 to plan or choose to plan under the growth management act within urban
18 centers where the ((~~legislative body~~)) governing authority of the
19 affected city has found there is insufficient affordable housing and
20 other housing opportunities. It is further the purpose of this chapter
21 to stimulate the construction of new multifamily housing and the
22 rehabilitation of existing vacant and underutilized buildings for
23 multifamily housing in urban centers having insufficient affordable
24 housing and other housing opportunities that will increase and improve
25 affordable housing and other residential opportunities within these
26 urban centers. To achieve these purposes, this chapter provides for
27 special valuations in residentially deficient urban centers for
28 eligible improvements associated with multiunit housing ((~~in~~
29 ~~residentially deficient urban centers~~)), which includes affordable
30 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:

5 (a) Residential rental housing that has a rental amount that is
6 within the means of households whose adjusted income is less than sixty
7 percent of the median family income, adjusted for family size, for the
8 county where the housing is located; or

9 (b) Residential owner occupancy housing that has a sales price that
10 is within the means of low-income households as defined in subsection
11 (4) of this section.

12 The department of community, trade, and economic development shall
13 adopt policies for affordable residential rental and owner occupancy
14 housing that specify the percentage of household income that may be
15 spent on monthly housing costs, including utilities other than
16 telephone, to qualify as affordable housing under this chapter. Each
17 year, the department of community, trade, and economic development
18 shall provide to each city eligible for participation in the tax
19 exemption program maximum rental costs for which affordable rental
20 housing may be rented and maximum sales prices for which affordable
21 housing owner occupancy units may be sold in order to be in compliance
22 with the affordable housing definition within the ten-year tax
23 exemption period. A variety of maximum rent and sales prices, which
24 shall take into consideration a variety of unit sizes and other
25 characteristics, shall be provided. Maximum rent and sales prices may
26 vary by area of the state.

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

29 (4) "Low-income household" means a single person, family, or
30 unrelated persons living together whose adjusted income is less than
31 eighty percent of the median family income, adjusted for family size,
32 for the county where the project is located.

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

36 (~~(3)~~) (6) "Growth management act" means chapter 36.70A RCW.

37 (~~(4)~~) (7) "Multiple-unit housing" means a building having four or
38 more dwelling units not designed or used as transient accommodations

1 and not including hotels and motels. Multifamily units may result from
2 new construction or rehabilitated or conversion of vacant,
3 underutilized, or substandard buildings to multifamily housing.

4 ~~((+5))~~ (8) "Owner" means the property owner of record.

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

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

16 ~~((+8))~~ (11) "Residential targeted area" means an area within an
17 urban center that has been designated by the governing authority as a
18 residential targeted area in accordance with this chapter.

19 ~~((+9))~~ (12) "Substantial compliance" means compliance with local
20 building or housing code requirements that are typically required for
21 rehabilitation as opposed to new construction.

22 ~~((+10))~~ (13) "Urban center" means a compact identifiable district
23 where urban residents may obtain a variety of products and services.
24 An urban center must contain:

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

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

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

33 **Sec. 4.** RCW 84.14.030 and 2005 c 80 s 1 are each amended to read
34 as follows:

35 An owner of property making application under this chapter must
36 meet the following requirements:

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

3 (2) A minimum of twenty percent, or a minimum of one unit,
4 whichever is the greater whole number, of any rental housing units
5 included within the multiple-unit housing must be affordable housing
6 rental units, as defined in RCW 84.14.010(2)(a), and must be maintained
7 as affordable housing rental units and rented to households whose
8 adjusted income is less than sixty percent of the median family income,
9 adjusted for family size, for the county where the housing is located
10 for a period of no less than the ten-year exemption period;

11 (3) A minimum of twenty percent, or a minimum of one unit, which
12 ever is the greater whole number, of any owner occupancy housing units
13 included within the multiple-unit housing must be affordable housing
14 owner occupancy units, as defined in RCW 84.14.010(2)(b), and must be
15 sold to low-income households. The owner of property making
16 application under this chapter must agree to relay to any low-income
17 homeowner to whom an affordable housing owner occupancy unit is sold
18 information regarding the requirements and penalties in section 10 of
19 this act;

20 (4) The multiple-unit housing must meet the guidelines as adopted
21 by the governing authority that may include height, density, public
22 benefit features, number and size of proposed development, parking,
23 very low-income, low-income, or moderate-income occupancy requirements
24 in addition to the affordable housing requirements in subsections (2)
25 and (3) of this section, and other adopted requirements indicated
26 necessary by the city. The required amenities should be relative to
27 the size of the project and tax benefit to be obtained;

28 ~~((+3))~~ (5) The new, converted, or rehabilitated multiple-unit
29 housing must provide for a minimum of fifty percent of the space for
30 permanent residential occupancy. In the case of existing occupied
31 multifamily development, the multifamily housing must also provide for
32 a minimum of four additional multifamily units. Existing multifamily
33 vacant housing that has been vacant for twelve months or more does not
34 have to provide additional multifamily units;

35 ~~((+4))~~ (6) New construction multifamily housing and rehabilitation
36 improvements must be completed within three years from the date of
37 approval of the application;

1 ~~((5))~~ (7) Property proposed to be rehabilitated must fail to
2 comply with one or more standards of the applicable state or local
3 building or housing codes on or after July 23, 1995. If the property
4 proposed to be rehabilitated is not vacant, an applicant shall provide
5 each existing tenant housing of comparable size, quality, and price and
6 a reasonable opportunity to relocate; and

7 ~~((6))~~ (8) The applicant must enter into a contract with the city
8 approved by the governing ~~((body))~~ authority, or an administrative
9 official or commission authorized by the governing authority, under
10 which the applicant has agreed to the implementation of the development
11 on terms and conditions satisfactory to the governing authority.

12 **Sec. 5.** RCW 84.14.040 and 1995 c 375 s 7 are each amended to read
13 as follows:

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

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

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

23 (c) The providing of additional housing opportunity, including
24 affordable housing, in the area, as determined by the governing
25 authority, will assist in achieving one or more of the stated purposes
26 of this chapter.

27 (2) For the purpose of designating a residential targeted area or
28 areas, the governing authority may adopt a resolution of intention to
29 so designate an area as generally described in the resolution. The
30 resolution must state the time and place of a hearing to be held by the
31 governing authority to consider the designation of the area and may
32 include such other information pertaining to the designation of the
33 area as the governing authority determines to be appropriate to apprise
34 the public of the action intended.

35 (3) The governing authority shall give notice of a hearing held
36 under this chapter by publication of the notice once each week for two
37 consecutive weeks, not less than seven days, nor more than thirty days

1 before the date of the hearing in a paper having a general circulation
2 in the city where the proposed residential targeted area is located.
3 The notice must state the time, date, place, and purpose of the hearing
4 and generally identify the area proposed to be designated as a
5 residential targeted area.

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

11 (5) After designation of a residential targeted area, the governing
12 authority shall adopt standards and guidelines to be utilized in
13 considering applications and making the determinations required under
14 RCW 84.14.060. The standards and guidelines must establish basic
15 requirements for both new construction and rehabilitation including
16 housing affordability standards and application process and procedures.
17 These guidelines may include the following:

18 (a) Requirements that address demolition of existing structures and
19 site utilization; (~~and~~)

20 (b) Building requirements that may include elements addressing
21 parking, height, density, environmental impact, and compatibility with
22 the existing surrounding property and such other amenities as will
23 attract and keep permanent residents and that will properly enhance the
24 livability of the residential targeted area in which they are to be
25 located; and

26 (c) Housing affordability requirements in addition to the
27 requirements under RCW 84.14.030 (2) and (3).

28 **Sec. 6.** RCW 84.14.050 and 1999 c 132 s 2 are each amended to read
29 as follows:

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

32 (1) In the case of rehabilitation or where demolition or new
33 construction is required, the owner shall secure from the governing
34 authority or duly authorized (~~agent~~) representative, before
35 commencement of rehabilitation improvements or new construction,
36 verification of property noncompliance with applicable building and
37 housing codes;

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

4 (a) Information setting forth the grounds supporting the requested
5 exemption including information indicated on the application form or in
6 the guidelines;

7 (b) A description of the project and site plan, including the floor
8 plan of units, the number and percentage of affordable housing rental
9 and affordable housing owner occupancy units, and other information
10 requested;

11 (c) A statement signed by the applicant that any affordable housing
12 rental units shall be maintained as affordable rental housing for a
13 period of no less than the ten-year exemption period; and that any
14 affordable housing units intended for owner occupancy shall be sold by
15 the applicant to a low-income household which shall receive information
16 regarding the requirements and penalties included in section 10 of this
17 act; and

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

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

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

27 **Sec. 7.** RCW 84.14.060 and 1995 c 375 s 9 are each amended to read
28 as follows:

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

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

34 (2) The proposed multiunit housing project meets the housing
35 affordability requirements as provided in RCW 84.14.030 (2) and (3).

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. 8.** 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 percentage or number of affordable housing
23 units on the owner's property qualifies the property for limited
24 exemption under this chapter; 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 under RCW 84.14.030 (2) and
18 (3) 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. 9.** RCW 84.14.100 and 1995 c 375 s 13 are each amended to read
5 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. For units designated for affordable housing, such a
14 statement must include information related to the property rental or
15 sale amount and the documented income level of the renting or
16 purchasing household. For affordable housing owner occupancy units
17 that have been sold, the statement must also include contact
18 information for the purchasing household;

19 (2) A certification by the owner that the property has not changed
20 use; that the affordable rental housing units have continued to
21 maintain conformity with the affordable housing requirements under RCW
22 84.14.030(2); and that any affordable housing owner occupancy units
23 sold by the owner were sold in conformity with the affordable housing
24 requirements under RCW 84.14.030(3) since the date of the certificate
25 approved by the city; and

26 (3) A description of changes or improvements constructed after
27 issuance of the certificate of tax exemption.

28 NEW SECTION. **Sec. 10.** A new section is added to chapter 84.14 RCW
29 to read as follows:

30 (1) If a low-income household which purchases an affordable housing
31 owner occupancy unit which has been issued a certificate of tax
32 exemption under this chapter decides to resell the unit within the ten-
33 year tax exemption period, the low-income household must sell the unit
34 as an affordable housing unit to a low-income household at a price in
35 compliance with the affordable housing definition in RCW 84.14.010(2).

1 (2) If a low-income homeowner household resells an affordable
2 housing owner occupancy unit within the ten-year tax exemption period
3 to a household other than a low-income household or at a price not in
4 compliance with the affordable housing definition in RCW 84.14.010(2),
5 the tax exemption for that unit must be canceled and a lien on the land
6 shall be enforced on the unit. The lien shall:

7 (a) Be calculated based upon the difference between the property
8 tax paid and the property tax that would have been paid, dating back to
9 the date the selling low-income household officially purchased the
10 unit, if it had included the value of the nonqualifying improvements;
11 and

12 (b) Have priority to and must be fully paid and satisfied before a
13 recognizance, mortgage, judgment, debt, obligation, or responsibility
14 to or with which the land may become charged or liable. The lien may
15 be foreclosed upon expiration of the same period after delinquency and
16 in the same manner provided by law for foreclosure of liens for
17 delinquent real property taxes. An additional tax unpaid on its due
18 date is delinquent. From the date of delinquency until paid, interest
19 must be charged at the same rate applied by law to delinquent ad
20 valorem property taxes.

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

23 (1) If improvements have been exempted under this chapter, the
24 improvements continue to be exempted and not be converted to another
25 use for at least ten years from date of issuance of the certificate of
26 tax exemption. If the owner intends to convert the multifamily
27 development to another use, or if the owner intends to discontinue
28 compliance with affordable housing requirements under RCW 84.14.030,
29 the owner shall notify the assessor within sixty days of the change in
30 use. If, after a certificate of tax exemption has been filed with the
31 county assessor, ~~the city ((or)) assessor ((or)),~~ agent, or other
32 authorized representative of the governing authority discovers that a
33 portion of the property is changed or will be changed to a use that is
34 other than residential or that housing or amenities no longer meet the
35 requirements, including affordability requirements, as previously
36 approved or agreed upon by contract between the ~~((governing authority))~~

1 city and the owner and that the multifamily housing, or a portion of
2 the housing, no longer qualifies for the exemption, (~~the tax exemption~~
3 ~~must be canceled and~~) the following must occur:

4 (a) In the case in which a low-income homeowner household resells
5 an owner occupancy unit that was previously in compliance with the
6 affordable housing requirements in RCW 84.14.030 to a household other
7 than a low-income household or at a price not in compliance with the
8 affordable housing definition in RCW 84.14.010(2) within the ten-year
9 tax exemption period, the penalty as described in section 10(2) of this
10 act applies;

11 (b) In all other cases in which the multifamily housing, or a
12 portion of the housing, no longer qualifies for the exemption, the tax
13 exemption must be canceled for the entire property and additional real
14 property tax must be imposed upon the value of the nonqualifying
15 improvements in the amount that would normally be imposed, plus a
16 penalty must be imposed amounting to twenty percent. This additional
17 tax is calculated based upon the difference between the property tax
18 paid and the property tax that would have been paid if it had included
19 the value of the nonqualifying improvements dated back to the date that
20 the improvements were converted to a nonmultifamily use;

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

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

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

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

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

37 (1) All cities, which issue certificates of tax exemption for

1 multiunit housing that conform to the requirements of this chapter
2 shall report annually to the department of community, trade, and
3 economic development. The report must include the following
4 information:

- 5 (a) The number of tax exemption certificates granted;
- 6 (b) The total number and type of units produced or to be produced;
- 7 (c) The number and type of affordable housing units produced or to
8 be produced; and
- 9 (d) The value of the tax exemption.

10 (2) The department of community, trade, and economic development
11 shall also establish performance measures upon which the cities shall
12 annually report.

13 NEW SECTION. **Sec. 13.** This act is applicable only to applications
14 for an exemption from ad valorem taxation under this chapter, which are
15 received by a governing authority after the effective date of this act.

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