
HOUSE BILL 2442

State of Washington

64th Legislature

2016 Regular Session

By Representatives Appleton, Moscoso, Stanford, and Santos

Read first time 01/13/16. Referred to Committee on Community Development, Housing & Tribal Affairs.

1 AN ACT Relating to providing a property tax exemption for certain
2 property within an affordable housing incentive zone; adding new
3 sections to chapter 84.36 RCW; and creating a new section.

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

5 NEW SECTION. **Sec. 1.** This section is the tax preference
6 performance statement for the tax preference contained in this act.
7 This performance statement is only intended to be used for subsequent
8 evaluation of the tax preference. It is not intended to create a
9 private right of action by any party or be used to determine
10 eligibility for preferential tax treatment.

11 (1) The legislature categorizes this tax preference as one
12 intended to provide tax relief for certain individuals, as indicated
13 in RCW 82.32.808(2)(e).

14 (2) It is the legislature's specific public policy objective to
15 allow local governments to promote affordable housing through the
16 designation of affordable housing incentive zones. The legislature
17 intends to offer property tax relief to property owners within these
18 zones who qualify for affordable housing or who offer affordable
19 housing to qualifying tenants.

20 (3)(a) To measure the effectiveness of this act in achieving the
21 specific public policy objective described in subsection (2) of this

1 section, the joint legislative audit and review committee must, at
2 minimum, evaluate the following:

3 (i) The number of participants and the total tax relief provided
4 to the participants of the tax preference under section 3 of this
5 act; and

6 (ii) Reports of affordable housing property owner relief for the
7 county, provided by county assessors to the department of revenue.

8 (b) In addition to the data sources described under this section,
9 the joint legislative audit and review committee may use any other
10 data it deems necessary in performing the evaluation under this
11 subsection.

12 (4) The definitions in section 2 of this act apply to this
13 section.

14 NEW SECTION. **Sec. 2.** A new section is added to chapter 84.36
15 RCW to read as follows:

16 (1) The governing authority of any city or county in which the
17 county legislative authority has determined that establishment of
18 affordable housing incentive zones would further the public interest
19 in preserving or creating affordable housing may designate an
20 affordable housing incentive zone in accordance with this section.

21 (2) Prior to designating an affordable housing incentive zone,
22 the governing authority must publish notice in a paper having a
23 general circulation in the city or county where the proposed zone is
24 located of its intent to hold a hearing to consider designation of
25 the area. Such notice must be provided not less than thirty days
26 before the date of the hearing and must include such information
27 pertaining to the designation as the governing authority determines
28 appropriate to apprise the public of the action intended.

29 (3) Following the hearing, or a continuance of the hearing, the
30 governing authority may designate all or a portion of the area
31 described in the notice as an affordable housing incentive zone if it
32 finds, in its sole discretion, that:

33 (a) The area lacks sufficient available, desirable, and
34 convenient affordable residential housing to meet the needs of the
35 public; and

36 (b) Designation of an area as an affordable housing incentive
37 zone is likely to encourage the construction or preservation of
38 needed affordable housing units within the area.

1 (4) The governing body may terminate its designation of an
2 affordable housing incentive zone if it finds, in its sole
3 discretion, that the criteria in subsection (3) of this section are
4 no longer satisfied.

5 (5) The definitions in this subsection apply throughout this
6 section unless the context clearly requires otherwise.

7 (a) "Affordable housing" means a single-family dwelling unit or
8 multifamily dwelling units affordable and rented to a single person,
9 family, or household of unrelated persons living together whose
10 income is at or below eighty percent of the area median income,
11 adjusted for household size, as reported by the United States
12 department of housing and urban development. For purposes of this
13 exemption, rent is affordable if, including utilities other than
14 telephone, it does not exceed thirty percent of the monthly household
15 income of persons at eighty percent of area median income.

16 (b) "Affordable housing incentive zone" means an area that has
17 been designated by the governing authority as an affordable housing
18 incentive zone in accordance with this section.

19 (c) "Governing authority" means the local legislative authority
20 of a city or county having jurisdiction over the property for which
21 an exemption may be applied for under this chapter.

22 NEW SECTION. **Sec. 3.** A new section is added to chapter 84.36
23 RCW to read as follows:

24 (1) All real property within an affordable housing incentive zone
25 designated under section 2 of this act that is owned or used by a
26 person to provide affordable housing is exempt from sixty percent of
27 taxation.

28 (2) In determining the portion of the property that is exempt
29 from taxation under this section, such portion of the property must
30 include the percentage of the property's total land and improvement
31 area that equals the percentage of total improved area dedicated to
32 affordable housing during the period in which the exemption is
33 sought.

34 (3) All claims for exemption and renewal applications must be
35 made on application forms that are prescribed and furnished by the
36 assessor and verified and submitted annually by the person entitled
37 to the exemption. Applications must be accompanied by such
38 documentation as the assessor deems appropriate to confirm that,
39 during the period in which the exemption is sought, rents are

1 affordable in each of the units for which an exemption is sought and
2 households in each of the units for which an exemption is sought have
3 annual income at or below eighty percent of area median income. The
4 assessor may require confirming documentation of household income and
5 rent charged within exemption units for any period during which the
6 exemption applies. Failure to provide requested documentation may
7 result in the denial or revocation of the exemption and repayment in
8 accordance with subsection (5) of this section. The county
9 legislative authority may establish application fees to cover the
10 assessor's anticipated cost of administering the exemption under this
11 section.

12 (4) The exemption must be denied or revoked if a jurisdiction
13 responsible for enforcement has determined that the property used to
14 provide affordable housing is in violation of any health, building,
15 fire, safety, housing, zoning, or land use codes.

16 (5) The taxpayer must notify the assessor within sixty days of
17 ceasing to provide any affordable housing unit identified in the
18 exemption application. The failure to maintain any of the affordable
19 housing units identified in the exemption application must result in
20 revocation of the exemption as to that unit.

21 (6) Upon revocation of the exemption, the county treasurer must
22 collect all taxes that would have been paid if such property not been
23 exempt, together with the interest at the same rate and computed in
24 the same way as that upon delinquent property taxes.

25 (7) The denial or revocation of an affordable housing exemption
26 is subject to appeal under the provisions of RCW 84.48.010 and in
27 accordance with the provisions of RCW 84.40.038.

28 (8) Tenant identifying information and income data obtained by
29 the assessor under this section may be used only to administer this
30 affordable housing exemption. Notwithstanding any provision of law to
31 the contrary, absent written consent by the person about whom the
32 information or facts have been obtained, the tenant identifying
33 information and income data may not be disclosed by the assessor or
34 the assessor's agents or employees to anyone other than the
35 department or the department's agents or employees nor by the
36 department or the department's agents or employees to anyone other
37 than the assessor or the assessor's agents or employees except in an
38 administrative or judicial proceeding pertaining to the taxpayer's
39 entitlement to the tax exemption.

1 (9) The definitions in section 2 of this act apply to this
2 section.

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