

Special Notice

Intended audience: Low-income housing providers.

December 1, 2022

REET exemption for transfers of real property to be used for low-income housing

Effective January 1, 2023, qualified transfers of real property to be used as low-income housing are exempt from real estate excise tax (REET).

Qualifications

A sale or transfer of real property qualifies for an exemption from REET if all the following qualifications are met:

- The real property must qualify for an exemption from real and personal property taxes under RCW 84.36.560, 84.36.049, 35.82.210, 35.21.755, or 84.36.010.
- The person receiving the property must be a “qualifying grantee” (see definitions below).
- The property must be used for housing of low-income persons within the specified timelines (see below).
- A REET Affidavit must be completed for each transfer of real property, and it must be accompanied by the corresponding Affordable Housing Certificate signed by the grantee.

Timelines

If the qualifying grantee intends to operate existing housing on the property, **within one year** of the sale or transfer, the qualifying grantee must both:

- Receive or qualify the property for a tax exemption under RCW 84.36.560, 84.36.049, 35.82.210, 35.21.755, or 84.36.010.
- Use the property as housing for low-income persons.

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If the qualifying grantee intends to substantially rehabilitate the premises as defined in RCW 59.18.200, **within three years** of the sale or transfer, the qualifying grantee must both:

- Receive or qualify the property for a tax exemption under RCW 84.36.560, 84.36.049, 35.82.210, 35.21.755, or 84.36.010.
- Use the property as housing for low-income persons.

If the qualifying grantee intends to develop new housing on the site, **within five years** of the sale or transfer, the qualifying grantee must both:

- Receive or qualify the property for a tax exemption under RCW 84.36.560, 84.36.049, 35.82.210, 35.21.755, or 84.36.010.
- Use the property as housing for low-income persons.

Failure to meet the above timelines

If the qualifying grantee fails to satisfy the above requirements, the qualifying grantee must pay the tax that would have been due at the time of initial transfer, plus interest calculated from the date of initial transfer (RCW 82.32.050).

Definitions

Qualifying grantee means a nonprofit entity as defined in RCW 84.36.560, a nonprofit entity or qualified cooperative association as defined in RCW 84.36.049, a housing authority created under RCW 35.82.030 or 35.82.300, a public corporation established under RCW 35.21.660 or 35.21.730, or a county or municipal corporation.

Note: A qualifying grantee that is a county or municipal corporation must record a covenant at the time of transfer that prohibits using the property for any purpose other than for low-income housing for a period of at least 10 years. At a minimum, the covenant must address price restrictions and household income limits for the low-income housing.

Low-income means individuals and families whose adjusted household income, does not exceed 80% of median household income, adjusted for household size, as most recently determined by the federal department of housing and urban development for the county in which the dwelling is located.

More information

For more information, please see [RCW 82.45.010](#), (Effective January 1, 2023, until January 1, 2030).

Questions?

For questions, call 360-705-6705.

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