

5387-S2

Sponsor(s): Senate Committee on Ways & Means (originally sponsored by Senators Wojahn, Winsley, Franklin, Haugen, Rasmussen, McCaslin and West)

Brief Description: Providing tax incentives for multiple-unit housing in urban centers.

**SB 5387-S2 - DIGEST**

(DIGEST AS ENACTED)

Encourages increased residential opportunities by stimulating the construction of new multifamily housing and the rehabilitation of existing vacant and underutilized buildings for multifamily housing in urban centers.

Provides exemptions from ad valorem property taxation for a ten year period.

Designates requirements to be eligible for the exemption.

Establishes hearing procedures for cancellation of the exemption.

Requires a certain percentage of the construction to be set aside for low-income tenants.

Allows the exemption only once for the project.

Limits the exemption to cities with a population of at least one hundred fifty thousand.

VETO MESSAGE ON SB 5387-S2

May 16, 1995

To the Honorable President and Members,  
The Senate of the State of Washington  
Ladies and Gentlemen:

I am returning herewith, without my approval as to section 4, Second Substitute Senate Bill No. 5387 entitled:

"AN ACT Relating to taxation of new and rehabilitated multiple-unit housing in urban centers;"

Second Substitute Senate Bill No. 5387 represents an attempt to increase the availability of residential housing in urban areas.

I have concerns with this bill. No provision is included to prevent the erosion of low-income housing as property owners seek the benefit of the special valuation and build new housing or renovate existing housing stocks. Neither is any attempt made to mitigate the impact on low-income tenants who must relocate if their current residence is renovated.

It is clearly the intent of the legislature to provide local governments flexibility in determining specific building requirements to address the public interest in a number of areas related to real estate use and urban development. It is hard to imagine, given the history of the discussions which led to this legislation, that the legislature intended to ignore the pressing need to maintain the state's supply of low-income housing. In signing this bill, it is my expectation that local jurisdictions ensure that the amount of low-income housing is not eroded and that

low-income tenants do not bear the burden of relocating when a property owner enjoys the benefit of the special valuation created by this law.

Section 4 of Second Substitute Senate Bill No. 5387 restates limitations contained in separate sections of the bill. Section 4 limits the use of the special valuations authorized under the act to applicants within locally designated residential targeted areas of cities planning under the Growth Management Act. Section 3(1) limits the definition of a city to a city or town of 150,000 population planning under the Growth Management Act. Section 6(1) requires applicants for the special valuation to be located in a residential targeted area designated by a city. Because the limitations in section 4 are addressed elsewhere, this provision is unnecessary.

For this reason, I have vetoed section 4 of Second Substitute Senate Bill No. 5387.

With the exception of section 4, Second Substitute Senate Bill No. 5387 is approved.

Respectfully submitted,  
Mike Lowry  
Governor