

Finance Committee

HB 1708

Brief Description: *Modifying the multiple-unit property tax exemption.*

Sponsors: *Representatives Veloria, Cairnes, Morris, Ruderman, Jarrett, Santos, Esser and Edmonds.*

Brief Summary of Bill

- *Allows cities to limit the multifamily housing property tax exemption to low-income or moderate-income dwelling units.*

Hearing Date: *2/21/01*

Staff: *Rick Peterson (786-7150).*

Background:

New, rehabilitated, or converted multifamily housing projects in targeted residential areas are eligible for a 10-year property tax exemption program. The program's purpose is to increase multifamily housing in urban centers.

The property tax exemption applies to the new housing construction and the increased value of the building due to rehabilitation made after the application for the tax exemption. The exemption does not apply to the land or the non-housing related improvements. If the property is removed from multifamily housing use before 10 years then back taxes are recovered based on the difference between the taxes paid and taxes that would have been paid had the property not been put to multifamily use.

The property tax exemption program is limited to cities with a population of at least 50,000, and the largest city or town within a county planning under the Growth Management Act. A targeted residential area must be located within an urban center, lack sufficient available, desirable, and convenient residential housing to meet public demand, and increase permanent residents in the area or achieve the planning goals of the Growth Management Act. The city is authorized to establish standards and guidelines for

approving tax exemption applications by developers.

Summary of Bill:

Cities may limit the multifamily housing property tax exemption to dwelling units that meet the local low-income or moderate-income occupancy requirements if the units are separate tax parcels.

Appropriation: *None.*

Fiscal Note: *Requested on February 17, 2001.*

Effective Date: *Ninety days after adjournment of session in which bill is passed.*