
Housing Committee

HB 1332

Brief Description: Addressing affordable housing development.

Sponsors: Representatives Pettigrew, Dunn, Miloscia, Springer, McCune, Ormsby, Kenney, Roberts, Wood, Santos and Chase.

Brief Summary of Bill

- Requires certain state agencies as well as all cities, towns, counties and school districts to offer surplus property for sale that is suitable for affordable housing development to non-profit housing developers and eligible public agencies at 90%-100% fair market value for the initial 90 days of sale availability.

Hearing Date: 1/22/07

Staff: Robyn Dupuis (786-7166).

Background:

Local Governments and State Agencies

The Department of Social and Health Services (DSHS), the Department of Transportation (DOT), the Department of Corrections (DOC), General Administration (GA) and cities, towns and counties are required to identify and catalog real property that is suitable for the development of affordable housing for very low-income, low-income, and moderate-income households. These entities must provide a copy of these inventories to the Department of Community, Trade and Economic Development (DCTED) annually each November 1. Upon request, the DCTED must provide a copy of information regarding all such lands to parties interested in developing affordable housing.

Department of Transportation (DOT)

The DOT has a policy which states that priority for surplus land disbursement is to be given to abutting property owners. The DOT, however, may sell the property to a number of governmental entities or persons including nonprofit organizations dedicated to providing affordable housing.

Parks and Recreation Commission (Commission)

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

When deeding land to a local government or other entity for outdoor recreation, the Parks and Recreation Commission (Commission) includes a clause requiring that the land be remitted to the Commission if not to be used for that purpose. If the Commission has no use of the land to be remitted, however, the holder of the land must reimburse the Commission for the release of the reversionary interest in the land in the amount of the fair market value. Other surplus Commission lands may be sold to the highest bidder or exchanged for other lands of equal value. Monies from reversionary interest transactions or land sales are deposited into the Parkland Acquisition Account for the purchase of property to be used as state park property.

Department of Natural Resources (DNR)

The DNR may sell surplus lands to the highest bidder through a public auction. DNR may transfer or dispose of lands of less than ten contiguous acres or which have a value of \$25,000 or less without a public auction. Proceeds from these transfers or disposals are deposited into the Park Land Trust Revolving Fund.

School Districts

Any School District Board of Directors may sell land not longer required for school purposes in accordance with public notice requirements.

Summary of Bill:

Surplus Property Affordable Housing Inventory Requirement

The DCTED, the DNR, the DSHS, the DOC, the DOT, the GA, the Commission, as well as all cities, towns and counties are required to inventory all surplus property which is for sale and is suitable for affordable housing for very low-income and low-income households. These entities must submit this inventory to the DCTED as suitable property becomes available, but at least annually, beginning in September 2007. The DCTED will consolidate these inventories and advertise these properties on its website. The DCTED will also include information about available federal surplus property on the website.

Exclusive Purchasing Opportunity

All surplus properties for sale by the DCTED, the DNR, the DSHS, the DOC, the GA, the Commission, as well as all cities, towns, counties and school districts that are suitable for affordable housing will be available exclusively to non-profit housing organizations and eligible public agencies for the first 90 days. Non-profit housing organizations and eligible public agencies have the right of first opportunity to purchase these surplus properties at a discounted price representing between 90 and 100 percent of the fair market value in return for a commitment that they will develop affordable housing for low and very low-income households or housing for special needs populations on the land within 5 years of property purchase and that the housing will be available to the target population for a minimum of 30 years.

The discount below fair market value will be calculated by the department using a formula which will take into consideration the percentage of housing in the development that will be used for affordable housing or special needs housing.

Included in a purchase offer, nonprofit housing organizations and eligible public agencies must present to the agency, commission, city, town, county or school district an affordable housing project description which provides development details including the number and percentage of affordable or special needs housing units. Selling entities must establish criteria to use in the

event more than one nonprofit housing organization or eligible public agency is interested in purchasing a single property.

Penalty for Non-Compliance

If a nonprofit housing organizations or eligible public agency does not substantially complete the affordable housing project within five years, the purchasing entity must repay the selling entity the amount of the discount received plus interest at a rate to be determined by the DCTED.

Annual Report Requirement

The DCTED, the DNR, the DSHS, the DOC, the DOT, the GA, the Commission, as well as all cities, towns and counties must submit an annual report to the DCTED. School districts must submit an annual report to the county which will include the information in the county report to the DCTED. The DCTED will produce an annual report to the Legislature that includes information on all surplus properties sold.

Alternate Processes

The DCTED, the DNR, the DSHS, the DOC, the DOT, the GA, the Commission, as well as all cities, towns, counties and school districts may use an alternative process for the sale or disposition of surplus property for affordable housing purposes as long as those alternative processes meet, at a minimum, the same standards included in the bill.

The bill does not limit the powers granted to community renewal agencies through the Community Renewal Law, Housing Authorities under the Housing Authorities Law, nor a state agency under the Housing Cooperation Law.

Exempt Lands

Land acquired by the federal government as state forest lands is exempt.

Definitions:

Eligible Public Agency means any public agency that has among its purposes, significant affordable housing activities. Such agencies may include housing authorities, community renewal agencies or public development authorities.

Affordable Housing means residential housing that has a sales or rental cost within the means of a very-low or low-income household. The department will adopt rules for determining whether housing is within the means of these populations. Low-income households are those with incomes at or below 50% of the area median income and very-low income household are those with incomes at or below 80% of the area median income.

Appropriation: None.

Fiscal Note: Requested on January 18, 2007.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.