
Finance Committee

HB 2164

Brief Description: Requiring approval from state institutions of higher education to locate new or rehabilitated multiple-unit housing within the boundaries of a campus facilities master plan for property tax exemption purposes.

Sponsors: Representatives Dunshee, Morrell, Moeller and Ormsby.

Brief Summary of Bill

- Requires a multi-unit housing development sited within the area of a campus facility master plan to obtain prior approval from the university or college in order to participate in the property tax exemption for urban multi-family housing.

Hearing Date: 2/21/07

Staff: Mark Matteson (786-7145).

Background:

Multiple Unit Property Tax Exemption. 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 30,000 and, if there is no city of at least 30,000 in a county but the county plans under the Growth Management Act, the largest city otherwise. 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

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.

Act. The city is authorized to establish standards and guidelines for approving tax exemption applications by developers. The city may limit the exemption to individual units that meet the city guidelines if the units are separate for the purposes of property taxation.

Taxing district property tax amounts that are imposed within the constitutional 1 percent rate limit are constrained by a limit on annual increases. Generally, these taxing districts may not increase the property tax amount by more than 1 percent without a public vote. However, the district may also increase the property tax amount by the value of new construction in the district multiplied by the preceding year's property tax rate. With respect to the multi-family housing exemption, once the property is no longer exempt, the cost of rehabilitation or construction is treated as new construction for tax roll purposes.

Campus Master Plans of Higher Education Institutions. Higher educational institutions develop campus master plans for the purpose of strategically guiding the development of campuses. In 2003, the University of Washington (UW) Board of Regents approved an updated master plan for the Tacoma campus of the University. The master plan contemplates Phase 3 of the Tacoma campus development, which will provide additional classroom and faculty office space to support expanded and new degree programs and allow the campus to complete the transition to four-year institution status.

The UW-Tacoma campus master plan provides a "footprint" of the ultimate boundaries of the campus in downtown Tacoma. When built out, the boundaries are Pacific Avenue on the east, South 17th Street on the north, Tacoma Avenue on the west, and South 21st Street on the south, encompassing a total of 46 acres.

Summary of Bill:

New or rehabilitated multiple unit housing that is or will be within the boundaries of a campus facilities master plan is not eligible for the 10 year property tax exemption program, unless the state higher education institution that governs such a plan provides prior written approval otherwise. A campus facilities master plan is the area that a state institution of higher education deems necessary for the future growth and development of its facilities.

The change is retroactive to December 1, 2005.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2007.