

SENATE BILL REPORT

E2SHB 1332

As Reported By Senate Committee On:
Consumer Protection & Housing, February 29, 2008

Title: An act relating to affordable housing development.

Brief Description: Addressing affordable housing development.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Pettigrew, Dunn, Miloscia, Springer, McCune, Ormsby, Kenney, Roberts, Wood, Santos and Chase).

Brief History: Passed House: 2/18/08, 66-29.

Committee Activity: Consumer Protection & Housing: 2/28/08, 2/29/08 [DPA, DNP].

SENATE COMMITTEE ON CONSUMER PROTECTION & HOUSING

Majority Report: Do pass as amended.

Signed by Senators Weinstein, Chair; Kauffman, Vice Chair; Jacobsen, Kilmer and Tom.

Minority Report: Do not pass.

Signed by Senator Honeyford, Ranking Minority Member.

Staff: Vanessa Firnhaber-Baker (786-7471)

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 must 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, DCTED must provide a copy of information regarding all such lands to parties interested in developing affordable housing.

Department of Transportation. DOT's policy states that abutting property owners will be given priority for surplus land disbursement. However, DOT may sell the property to a number of governmental entities or persons, including nonprofit organizations, dedicated to providing affordable housing.

Parks and Recreation Commission. 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

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entity receiving the land attempts to remit the land and the Commission has no use for the land, the entity must reimburse the Commission for the release of its 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 real estate 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). DNR may sell surplus real estate 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.

Summary of Bill (Recommended Amendments): Surplus Property Inventory and Sale Requirement. The following entities are required to inventory surplus property which is for sale and which they judge to be suitable for affordable housing, or special needs housing, and must offer such property for the first 180 days of sale to eligible organizations for the purpose of affordable housing development:

- DCTED;
- DNR;
- DSHS;
- DOC;
- DOT;
- GA;
- The Commission;
- Counties classified under the Growth Management Act as "buildable lands" counties and counties with populations of at least 400,000; and
- Cities with a population of 5,000 within counties as described above.

The specified agencies, commissions, and local governments subject to this act have the sole authority to determine:

- (1) whether or not the property is surplus;
- (2) whether or not the property is suitable for the development of affordable or special needs housing, or in the case of school districts, for the development of community schools; and
- (3) what constitutes reasonable option and purchase conditions.

Included in a purchase offer, eligible organizations must present to the agency, commission, or local government an affordable or special needs housing project description. Selling entities must establish criteria to use in the event more than one eligible organization is interested in purchasing a single property.

Alternate Processes. The state agencies, commissions, or local governments subject to this act may use an alternative process for the sale or disposition of surplus property for affordable or special needs housing purposes as long as those alternative processes meet, at a minimum, the same standards included in the act. The powers granted to community renewal agencies through the Community Renewal Law, Housing Authorities under the Housing Authorities Law, and a state agency under the Housing Cooperation Law are not limited by this act.

Exempt Lands. Land acquired by the federal government as state forest land is exempt, as are lands acquired under restrictive conveyances.

EFFECT OF CHANGES MADE BY CONSUMER PROTECTION & HOUSING COMMITTEE (Recommended Amendments): School districts are no longer required to make their surplus lands available for affordable housing, special needs housing, or community schools. All references to school districts in the bill are deleted

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony on Engrossed Second Substitute Bill: PRO: This bill is the product of a lot of negotiation and compromise with the stakeholders. All of the government entities affected by this bill are in favor of the bill and have no concerns. One-hundred and eighty days was determined to be a reasonable amount of time in light of how long it takes for nonprofit affordable housing developers to get their financing together. There shouldn't be any fiscal impact because of the House amendments. This is not a panacea for affordable housing, but from time to time it will provide a nice parcel of land for affordable housing.

Persons Testifying: PRO: Kim Herman, Washington Housing Finance Commission; Nick Federici, Washington Low Income Housing Alliance.