

HOUSE BILL REPORT

SSB 6277

As of Second Reading

Title: An act relating to creating authority for counties to exempt from property taxation new and rehabilitated multiple-unit dwellings in certain unincorporated urban centers.

Brief Description: Creating authority for counties to exempt from property taxation new and rehabilitated multiple-unit dwellings in certain unincorporated urban centers.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Conway, Becker, Kastama, Schoesler, Kilmer, Kohl-Welles and Regala).

Brief History:

Committee Activity:

Ways & Means: 3/7/12.

Brief Summary of Substitute Bill

- Extends the multi-unit housing property tax exemption to an urban center where the unincorporated population of a county is at least 350,000 and there are at least 1,200 students living on campus at a higher education institution.

HOUSE COMMITTEE ON WAYS & MEANS

Staff: Jeff Olsen (786-7175).

Background:

All real and personal property is subject to property tax each year based on its value, unless a specific exemption is provided by law.

The Legislature provided a property tax exemption for property associated with the construction, conversion, or rehabilitation of qualified, multi-unit, residential structures located in a targeted residential area contained in an urban growth center. The exemption does not apply to the value of land or nonhousing-related improvements or to increases in assessed valuation made on nonqualifying portions of the building or the value of the land. A property for which an application for a certificate of tax exemption is submitted may be eligible for an eight-year tax exemption. If the property owner commits to renting or selling

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at least 20 percent of units as affordable housing units to low- and moderate-income households, the property may be eligible for a 12-year exemption. In the case of properties intended exclusively for owner-occupancy, the state affordable housing requirement may be satisfied by providing 20 percent of units as affordable to moderate-income households. Cities may impose additional affordable housing requirements, limits, and conditions. Cities with a population of 5,000 or more are eligible to establish the target areas; smaller cities may participate if they are the largest city or town located in a county that is required to plan under the Growth Management Act.

Summary of Bill:

The multi-unit housing exemption is available in an urban center where the unincorporated population of a county is at least 350,000 and there are at least 1,200 students living on campus at an institution of higher education during the academic year. The residential targeted area designated by a county governing authority must be located in an unincorporated area of the county that is within an urban growth area.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This bill will assist a 12-month multi-unit housing development project near Pacific Lutheran University, resulting in the creation of over 100 jobs and \$1.4 million in sales tax revenues. The project will convert tax-exempt property into full value commercial property, resulting in \$350,000 of property taxes after the tax abatement is complete. The project will provide approximately 100 housing units, and much needed low-income housing in Pierce County.

(Opposed) This is a precedent setting bill expanding a tool designed to help cities address density. Counties are not responsible for density, cities are. In addition, a precedent is set to use this tool outside of the urban growth area. There is a concern that the project may displace current low-income housing. There should be incentives for housing affordability.

Persons Testifying: (In support) Representative Conway, prime sponsor; Rick Talbert, Pierce County Council; John Korsmo, Korsmo Construction; Loren Anderson, Pacific Lutheran University; and Michael Transue, Tacoma-Pierce County Chamber of Commerce.

(Opposed) Dave Williams, Association of Washington Cities; and Nick Federici, Washington Low-Income Housing Alliance.

Persons Signed In To Testify But Not Testifying: None.