

2SSB 6330 - H COMM AMD
By Committee on Finance

ADOPTED 03/07/2014

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** This section is the tax preference
4 performance statement for the tax preference contained in RCW 84.14.040
5 and 84.14.060. This performance statement is only intended to be used
6 for subsequent evaluation of the tax preference. It is not intended to
7 create a private right of action by any party or be used to determine
8 eligibility for preferential tax treatment.

9 (1) The legislature categorizes this tax preference as one intended
10 to induce certain designated behavior by taxpayers, as indicated in RCW
11 82.32.808(2)(a).

12 (2) It is the legislature's specific public policy objective to
13 stimulate the construction of new multifamily housing in urban growth
14 areas located in unincorporated areas of rural counties where housing
15 options, including affordable housing options, are severely limited.
16 It is the legislature's intent to provide the value of new housing
17 construction, conversion, and rehabilitation improvements qualifying
18 under chapter 84.14 RCW an exemption from ad valorem property taxation
19 for eight to twelve years, as provided for in RCW 84.14.020, in order
20 to provide incentives to developers to construct new multifamily
21 housing thereby increasing the number of affordable housing units for
22 low to moderate-income residents in certain rural counties.

23 (3) If a review finds that at least twenty percent of the new
24 housing is developed and occupied by households making at or below
25 eighty percent of the area median income, at the time of occupancy,
26 adjusted for family size for the county where the project is located or
27 where the housing is intended exclusively for owner occupancy, the
28 household may earn up to one hundred fifteen percent of the area median
29 income, at the time of sale, adjusted for family size for the county

1 where the project is located, then the legislature intends to extend
2 the expiration date of the tax preference.

3 (4) In order to obtain the data necessary to perform the review in
4 subsection (3) of this section, the joint legislative audit and review
5 committee may refer to data provided by counties in which beneficiaries
6 are utilizing the preference, the office of financial management, the
7 department of commerce, the United States department of housing and
8 urban development, and other data sources as needed by the joint
9 legislative audit and review committee.

10 **Sec. 2.** RCW 84.14.007 and 2012 c 194 s 1 are each amended to read
11 as follows:

12 It is the purpose of this chapter to encourage increased
13 residential opportunities, including affordable housing opportunities,
14 in cities that are required to plan or choose to plan under the growth
15 management act within urban centers where the governing authority of
16 the affected city has found there is insufficient housing
17 opportunities, including affordable housing opportunities. It is
18 further the purpose of this chapter to stimulate the construction of
19 new multifamily housing and the rehabilitation of existing vacant and
20 underutilized buildings for multifamily housing in urban centers having
21 insufficient housing opportunities that will increase and improve
22 residential opportunities, including affordable housing opportunities,
23 within these urban centers. To achieve these purposes, this chapter
24 provides for special valuations in residentially deficient urban
25 centers for eligible improvements associated with multiunit housing,
26 which includes affordable housing. It is an additional purpose of this
27 chapter to allow unincorporated areas of rural counties that are within
28 urban growth areas to stimulate housing opportunities and for certain
29 counties to stimulate housing opportunities near college campuses to
30 promote dense, transit-oriented, walkable college communities.

31 **Sec. 3.** RCW 84.14.010 and 2012 c 194 s 2 are each reenacted and
32 amended to read as follows:

33 (~~Unless the context clearly requires otherwise,~~) The definitions
34 in this section apply throughout this chapter unless the context
35 clearly requires otherwise.

1 (1) "Affordable housing" means residential housing that is rented
2 by a person or household whose monthly housing costs, including
3 utilities other than telephone, do not exceed thirty percent of the
4 household's monthly income. For the purposes of housing intended for
5 owner occupancy, "affordable housing" means residential housing that is
6 within the means of low or moderate-income households.

7 (2) "Campus facilities master plan" means the area that is defined
8 by the University of Washington as necessary for the future growth and
9 development of its campus facilities for branch campuses authorized
10 under RCW 28B.45.020.

11 (3) "City" means either (a) a city or town with a population of at
12 least fifteen thousand, (b) the largest city or town, if there is no
13 city or town with a population of at least fifteen thousand, located in
14 a county planning under the growth management act, or (c) a city or
15 town with a population of at least five thousand located in a county
16 subject to the provisions of RCW 36.70A.215.

17 (4) "County" means a county with an unincorporated population of at
18 least three hundred fifty thousand.

19 (5) "Governing authority" means the local legislative authority of
20 a city or a county having jurisdiction over the property for which an
21 exemption may be applied for under this chapter.

22 (6) "Growth management act" means chapter 36.70A RCW.

23 (7) "High cost area" means a county where the third quarter median
24 house price for the previous year as reported by the Washington center
25 for real estate research at Washington State University is equal to or
26 greater than one hundred thirty percent of the statewide median house
27 price published during the same time period.

28 (8) "Household" means a single person, family, or unrelated persons
29 living together.

30 (9) "Low-income household" means a single person, family, or
31 unrelated persons living together whose adjusted income is at or below
32 eighty percent of the median family income adjusted for family size,
33 for the county where the project is located, as reported by the United
34 States department of housing and urban development. For cities located
35 in high-cost areas, "low-income household" means a household that has
36 an income at or below one hundred percent of the median family income
37 adjusted for family size, for the county where the project is located.

1 (10) "Moderate-income household" means a single person, family, or
2 unrelated persons living together whose adjusted income is more than
3 eighty percent but is at or below one hundred fifteen percent of the
4 median family income adjusted for family size, for the county where the
5 project is located, as reported by the United States department of
6 housing and urban development. For cities located in high-cost areas,
7 "moderate-income household" means a household that has an income that
8 is more than one hundred percent, but at or below one hundred fifty
9 percent, of the median family income adjusted for family size, for the
10 county where the project is located.

11 (11) "Multiple-unit housing" means a building having four or more
12 dwelling units not designed or used as transient accommodations and not
13 including hotels and motels. Multifamily units may result from new
14 construction or rehabilitated or conversion of vacant, underutilized,
15 or substandard buildings to multifamily housing.

16 (12) "Owner" means the property owner of record.

17 (13) "Permanent residential occupancy" means multiunit housing that
18 provides either rental or owner occupancy on a nontransient basis.
19 This includes owner-occupied or rental accommodation that is leased for
20 a period of at least one month. This excludes hotels and motels that
21 predominately offer rental accommodation on a daily or weekly basis.

22 (14) "Rehabilitation improvements" means modifications to existing
23 structures, that are vacant for twelve months or longer, that are made
24 to achieve a condition of substantial compliance with existing building
25 codes or modification to existing occupied structures which increase
26 the number of multifamily housing units.

27 (15) "Residential targeted area" means an area within an urban
28 center or urban growth area that has been designated by the governing
29 authority as a residential targeted area in accordance with this
30 chapter. With respect to designations after July 1, 2007, "residential
31 targeted area" may not include a campus facilities master plan.

32 (16) "Rural county" means a county with a population between fifty
33 thousand and seventy-one thousand and bordering Puget Sound.

34 (17) "Substantial compliance" means compliance with local building
35 or housing code requirements that are typically required for
36 rehabilitation as opposed to new construction.

37 ~~((+17))~~ (18) "Urban center" means a compact identifiable district

1 where urban residents may obtain a variety of products and services.
2 An urban center must contain:
3 (a) Several existing or previous, or both, business establishments
4 that may include but are not limited to shops, offices, banks,
5 restaurants, governmental agencies;
6 (b) Adequate public facilities including streets, sidewalks,
7 lighting, transit, domestic water, and sanitary sewer systems; and
8 (c) A mixture of uses and activities that may include housing,
9 recreation, and cultural activities in association with either
10 commercial or office, or both, use.

11 **Sec. 4.** RCW 84.14.040 and 2012 c 194 s 4 are each amended to read
12 as follows:

13 (1) The following criteria must be met before an area may be
14 designated as a residential targeted area:

15 (a) The area must be within an urban center, as determined by the
16 governing authority;

17 (b) The area must lack, as determined by the governing authority,
18 sufficient available, desirable, and convenient residential housing,
19 including affordable housing, to meet the needs of the public who would
20 be likely to live in the urban center, if the affordable, desirable,
21 attractive, and livable places to live were available;

22 (c) The providing of additional housing opportunity, including
23 affordable housing, in the area, as determined by the governing
24 authority, will assist in achieving one or more of the stated purposes
25 of this chapter; and

26 (d) If the residential targeted area is designated by a county, the
27 area must be located in an unincorporated area of the county that is
28 within an urban growth area under RCW 36.70A.110 and the area must be:
29 (i) In a rural county, served by a sewer system and designated by a
30 county prior to January 1, 2013; or (ii) in a county that includes a
31 campus of an institution of higher education, as defined in RCW
32 28B.92.030, where at least one thousand two hundred students live on
33 campus during the academic year.

34 (2) For the purpose of designating a residential targeted area or
35 areas, the governing authority may adopt a resolution of intention to
36 so designate an area as generally described in the resolution. The
37 resolution must state the time and place of a hearing to be held by the

1 governing authority to consider the designation of the area and may
2 include such other information pertaining to the designation of the
3 area as the governing authority determines to be appropriate to apprise
4 the public of the action intended.

5 (3) The governing authority must give notice of a hearing held
6 under this chapter by publication of the notice once each week for two
7 consecutive weeks, not less than seven days, nor more than thirty days
8 before the date of the hearing in a paper having a general circulation
9 in the city or county where the proposed residential targeted area is
10 located. The notice must state the time, date, place, and purpose of
11 the hearing and generally identify the area proposed to be designated
12 as a residential targeted area.

13 (4) Following the hearing, or a continuance of the hearing, the
14 governing authority may designate all or a portion of the area
15 described in the resolution of intent as a residential targeted area if
16 it finds, in its sole discretion, that the criteria in subsections (1)
17 through (3) of this section have been met.

18 (5) After designation of a residential targeted area, the governing
19 authority must adopt and implement standards and guidelines to be
20 utilized in considering applications and making the determinations
21 required under RCW 84.14.060. The standards and guidelines must
22 establish basic requirements for both new construction and
23 rehabilitation, which must include:

24 (a) Application process and procedures;

25 (b) Requirements that address demolition of existing structures and
26 site utilization; and

27 (c) Building requirements that may include elements addressing
28 parking, height, density, environmental impact, and compatibility with
29 the existing surrounding property and such other amenities as will
30 attract and keep permanent residents and that will properly enhance the
31 livability of the residential targeted area in which they are to be
32 located.

33 (6) The governing authority may adopt and implement, either as
34 conditions to eight-year exemptions or as conditions to an extended
35 exemption period under RCW 84.14.020(1)(a)(ii)(B), or both, more
36 stringent income eligibility, rent, or sale price limits, including
37 limits that apply to a higher percentage of units, than the minimum
38 conditions for an extended exemption period under RCW

1 84.14.020(1)(a)(ii)(B). For any multiunit housing located in an
2 unincorporated area of a county, a property owner seeking tax
3 incentives under this chapter must commit to renting or selling at
4 least twenty percent of the multifamily housing units as affordable
5 housing units to low and moderate-income households. In the case of
6 multiunit housing intended exclusively for owner occupancy, the minimum
7 requirement of this subsection (6) may be satisfied solely through
8 housing affordable to moderate-income households.

9 **Sec. 5.** RCW 84.14.060 and 2012 c 194 s 6 are each amended to read
10 as follows:

11 (1) The duly authorized administrative official or committee of the
12 city or county may approve the application if it finds that:

13 (a) A minimum of four new units are being constructed or in the
14 case of occupied rehabilitation or conversion a minimum of four
15 additional multifamily units are being developed;

16 (b) If applicable, the proposed multiunit housing project meets the
17 affordable housing requirements as described in RCW 84.14.020;

18 (c) The proposed project is or will be, at the time of completion,
19 in conformance with all local plans and regulations that apply at the
20 time the application is approved;

21 (d) The owner has complied with all standards and guidelines
22 adopted by the city or county under this chapter; and

23 (e) The site is located in a residential targeted area of an urban
24 center or urban growth area that has been designated by the governing
25 authority in accordance with procedures and guidelines indicated in RCW
26 84.14.040.

27 (2) An application may not be approved after July 1, 2007, if any
28 part of the proposed project site is within a campus facilities master
29 plan, except as provided in RCW 84.14.040(1)(d).

30 (3) An application may not be approved for a residential targeted
31 area in a rural county on or after January 1, 2020."

32 Correct the title.

EFFECT: Changes the definition of "rural county" to a county with

a population between 50,000 and 71,000 and bordering Puget Sound. Restricts the availability of the program to urban growth areas designated by counties prior to January 1, 2013. Requires the residential targeted area to have sewer service. Terminates the program after five years.

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