
**Community Development, Housing &
Tribal Affairs Committee**

HB 1563

Brief Description: Concerning the disposition of surplus property for the development of affordable housing.

Sponsors: Representatives Farrell, Wylie, McCoy, Orwall, Seaquist, Bergquist, Springer, Pedersen, O'Ban, Kochmar, Moeller, Fitzgibbon, Appleton, Ryu, Stanford, Maxwell, Jinkins, Hunt, Fey, Pollet, Goodman, Habib and Santos.

Brief Summary of Bill

- Authorizes specified governmental entities to sell, lease, or exchange real property to eligible organizations at a price that is less than fair market value as long as housing developed on the property is occupied primarily by certain low-income individuals or households.
- Authorizes counties, cities and towns, as an alternative, to sell surplus property at a discount for affordable housing that may be part of mixed-income or mixed-use developments.
- Authorizes the Department of Commerce (Department) to work with governmental entities that choose to utilize real property suitable for affordable housing, and eliminates the requirement that the Department work with specified state agencies to identify and catalog surplus real property.

Hearing Date: 2/14/13

Staff: Jill Reinmuth (786-7134).

Background:

Department of Commerce's Inventory of Surplus Real Property.

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.

The Department of Commerce (Department) is required to work with specified state agencies to identify and catalog under-utilized, state-owned real property that is suitable for the development of affordable housing. These agencies are required to provide the Department with inventories of real property that is owned or administered by such agencies and that is available for lease or sale. The inventories must include information regarding the location, approximate size, and current zoning classification of the properties. By November 1 of each year, the inventories must be provided and/or updated.

The specified agencies are the Department of Corrections, the Department of Enterprise Services, the Department of Natural Resources, the Department of Social & Health Services, and the Department of Transportation.

The definition of "affordable housing" is residential housing that is rented or owned by certain persons who qualify as very low-income, low-income, or moderate-income households or who are from special needs populations, and whose monthly housing costs, including utilities other than telephone, do not exceed 30 percent of the household's monthly income.

Sale or Disposition of Other Surplus Real Property.

Most state and local governmental entities that are authorized to own, control, or administer real property are subject to some form of statutory regulation regarding the sale, disposition, or administration of such property. Most of these entities, however, are not required to participate in the Department's surplus property inventory, nor are they subject to statutory provisions requiring that they consider the development of affordable housing when disposing of surplus property. The Parks and Recreation Commission, counties, cities, towns, and port districts are among the entities that are not participants in the inventory or otherwise directed to consider affordable housing uses when selling surplus property.

Summary of Bill:

Department of Commerce's Inventory of Surplus Real Property.

The requirement that the Department of Commerce (Department) work with specified state agencies to identify and catalog surplus real property is eliminated.

Sale or Disposition of Other Real Property.

The Department is authorized to work with specified state and local governmental entities that choose to utilize real property, including air rights, owned by these entities suitable for the development of affordable housing.

Specified entities are the Department of Corrections, the Department of Enterprise Services, the Department of Natural Resources, the Department of Social and Health Services, the Department of Transportation, and the Parks and Recreation Commission. Other specified entities are public lands except for state forest lands, counties, cities, towns, port districts, and regional transit authorities.

These entities are authorized to sell, lease, or exchange real property to eligible organizations at a price that is less than fair market value as long as the affordable housing developed on the property is occupied primarily by certain low-income individuals or households. These entities also may create extended closings and other beneficial sales terms. These entities are required to enter into either a recorded covenant or a loan note to ensure that the property meets the required income restrictions. These entities are also required to monitor compliance with the covenant or loan note.

Eligible organizations are city, town, and county governments, local housing authorities, public development authorities, community renewal agencies, regional support networks, nonprofit community or neighborhood-based organizations, federally recognized Indian tribes, and regional and statewide nonprofit housing assistance organizations.

These organizations are authorized to obtain surplus properties through purchase, lease, exchange, or donation, under reasonable option and conveyance conditions, in return for either a recorded covenant or a loan note. A covenant must be to provide rental housing for certain low-income households for at least 40 years. A loan note must be for homeownership programs for certain low-income homeowners.

As an alternative to these requirements, counties, cities, and towns may sell surplus property at a discount for affordable housing that may be part of mixed-income or mixed-use developments. The affordable housing must comply with various guidelines for affordable housing under incentive programs enacted by counties or cities under the Growth Management Act.

Definitions.

The definition of "affordable housing" is modified to include residential housing rented to or owned by certain persons who qualify as extremely low-income or federally qualified low-income households (in addition to very low-income and low-income households). It does not include housing for persons who qualify as moderate-income households, and the definition of "moderate-income household" is deleted.

The definitions of certain low-income households are modified. These definitions are based on various percentages of county area median income where the affordable housing is located, adjusted for household size. The households and percentages are as follows:

<u>Household</u>	<u>Percentage of county area median income</u>
Extremely low-income	At or below 30 percent
Very low-income	At or below 50 percent
Federally qualified low-income	Above 50 percent but at or below 60 percent
Low-income	Above 60 percent but at or below 80 percent

Appropriation: None.

Fiscal Note: Available.

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