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

HB 2397

Brief Description: Supporting affordable housing by permitting a local government fee on demolitions that reduce potential housing stock.

Sponsors: Representatives McBride, Robinson, Kuderer, Stanford, Clibborn, Goodman, Walkinshaw, Tarleton, Farrell, Moscoso and Ormsby.

Brief Summary of Bill

- Authorizes cities and towns to impose a fee on the demolition of a residential building to support the development of affordable housing.

Hearing Date: 1/18/16

Staff: Sean Flynn (786-7124).

Background:

Local governments generally are prohibited from imposing any tax, fee, or charge on the construction or reconstruction of residential, commercial, or industrial buildings. The prohibition also applies to land development or redevelopment activities.

There are some exceptions to this general prohibition. For example, certain counties and cities fully planning under the Growth Management Act are permitted to impose impact fees as a condition on development approval in order to finance public facilities that serve the new development. The prohibition also does not limit a county or city planning under the GMA to implement an affordable housing incentive program that allows local jurisdictions to offer certain development and zoning permit bonuses or waivers to promote the development of affordable housing. Permit fees also may be imposed in order to cover the local government's costs of processing the application or inspecting and reviewing plans as required under the State

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.

Environmental Policy Act. Special assessments may be applied to property that is specifically benefitted by the activity funded by the assessment.

Summary of Bill:

Local Demolition Fee.

Cities and towns are authorized to impose a demolition fee as a condition for a permit issued for the demolition of a residential dwelling. The demolition activity subject to the fee is the removal or destruction of at least 90 percent of a structure or building, unless otherwise defined in the city's or town's building or zoning codes.

The fees collected must be deposited in an affordable housing fund established by the city or town and used to support affordable housing development. The fee may not exceed \$5,000 per single-family residence. For a multi-family residence, the fee may not exceed \$2,500 for each unit in the building, up to aggregate total of \$25,000.

The demolition fee authorization is subject to several exceptions:

- The fee may not be imposed on the demolition of a residence that will be replaced with a residence that is affordable to a household with an adjusted gross income of up to 120 percent of the area median income of the county.
- The fee may not be imposed if the residence is owner-occupied for at least five years before a demolition permit is issued, and the same owner will live in the replacement residence for at least five years.
- An owner-occupied residence also is exempt from the fee if the demolition is necessary for medical reasons and the owner's income is less than 120 percent of the area median income of the county.
- Demolitions necessary for reasons out of the owner's control, including acts of god, are not subject to the fee.

A city or town must pay the fee itself for the demolition of any residence owned by the city, unless it has adopted suitable plan to develop affordable housing on the same, or suitable alternative, site. Local housing authorities and local, regional, and statewide nonprofit housing organizations are exempt from the demolition fee.

Appropriation: None.

Fiscal Note: Requested 1/13/2016.

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