

# SENATE BILL REPORT

## SB 5244

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As Reported by Senate Committee On:  
Human Services, Mental Health & Housing, February 2, 2015

**Title:** An act relating to disposing tax foreclosed property to cities for affordable housing purposes.

**Brief Description:** Disposing tax foreclosed property to cities for affordable housing purposes.

**Sponsors:** Senators Darneille, Conway, Jayapal and Chase.

**Brief History:**

**Committee Activity:** Human Services, Mental Health & Housing: 1/22/15, 2/02/15 [DP].

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### SENATE COMMITTEE ON HUMAN SERVICES, MENTAL HEALTH & HOUSING

**Majority Report:** Do pass.

Signed by Senators O'Ban, Chair; Miloscia, Vice Chair; Darneille, Ranking Minority Member; Hargrove and Padden.

**Staff:** Alison Mendiola (786-7444)

**Background:** Local jurisdictions must follow state statute and any applicable local ordinance or code to dispose of property it owns. The same is true for property a legislative authority owns as a result of a tax foreclosure.

Tax-Foreclosed Property. A legislative authority may dispose of tax-foreclosed property by private negotiation, without a call for bids, and for at least the principal amount of unpaid taxes in any of the following cases: (1) when the sale is to any governmental agency and for public purposes; (2) when the county legislative authority determines that it is not practical to build on the property due to the physical characteristics of the property or legal restrictions on construction activities on the property; (3) when the property has an assessed value of less than \$500 and the property is sold to an adjoining landowner; or (4) when no acceptable bids were received at the attempted public auction of the property, if the sale is made within 12 months from the date of the attempted public auction.

**Summary of Bill:** Prior to disposing of tax-foreclosed property, the county legislative authority gives notice to any city in which any tax foreclosed property is located within 60 days of acquiring the property.

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The notice must offer the city the opportunity to purchase the property for the principal amount of the unpaid taxes, under the following conditions:

- the city must accept the offer within 30 days of receiving notices, unless the county agrees to extend the offer;
- the city must provide that the property is suitable and will be used for affordable housing development; and
- the city must agree to transfer the property to a local housing authority or nonprofit entity eligible under chapter 43.185A RCW. The city must be reimbursed by the entity for the amount of unpaid taxes it paid to purchase the property from the county.

**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:** PRO: This bill provides another tool in the toolbox for local jurisdictions, like Tacoma, to provide affordable housing. There are several requirements in place before the exchange of property, which keeps the county whole and ensures the property is being used for affordable housing. This bill models best practices adopted in several other states including Iowa. There are over 32,000 homeless school-aged children in the state – so really more like 50,000 when you account for siblings – so any efforts we can employ to help ensure that kids are ready to learn and secure in their home is worth the effort.

**Persons Testifying:** PRO: Senator Darneille, prime sponsor; Alex Soldano, Gordon Thomas Honeywell Governmental Affairs.