

SENATE BILL REPORT

SHB 2538

As Reported by Senate Committee On:
Local Government, February 20, 2018

Title: An act relating to exempting impact fees for low-income housing development.

Brief Description: Exempting impact fees for low-income housing development.

Sponsors: House Committee on Community Development, Housing & Tribal Affairs (originally sponsored by Representatives McBride, Barkis, Appleton, Peterson, Springer, Slatter, Gregerson, Kagi, Wylie, Chapman, Senn, Stanford, Kloba and Santos).

Brief History: Passed House: 2/08/18, 96-2.

Committee Activity: Local Government: 2/15/18, 2/20/18 [DP].

Brief Summary of Bill

- Exempts emergency shelters for people experiencing homelessness or victims of domestic violence from impact fees.

SENATE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass.

Signed by Senators Takko, Chair; Palumbo, Vice Chair; Short, Ranking Member; Angel and Lias.

Staff: Bonnie Kim (786-7316)

Background: Impact Fees. Jurisdictions planning under the Growth Management Act may impose impact fees on development activity as part of the financing of public facilities needed to serve new growth and development. This financing must provide a balance between impact fees and other sources of public funds and cannot rely solely on impact fees. Additionally, impact fees:

- may only be imposed for system improvements, a term defined in statute, that are reasonably related to the new development;
- may not exceed a proportionate share of the costs of system improvements; and
- must be used for system improvements that will reasonably benefit the new development.

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.

Impact fees may be collected and spent only for qualifying public facilities that are included within a capital facilities plan element of a comprehensive plan. "Public facilities," within the context of impact fee statutes, are the following capital facilities that are owned or operated by government entities:

- public streets and roads;
- publicly owned parks, open space, and recreation facilities;
- school facilities; and
- fire protection facilities.

Impact Fees - Exemption. County and city ordinances by which impact fees are imposed may provide an exemption for low-income housing. Local governments that allow these exemptions may either:

- grant a partial exemption of not more than 80 percent of impact fees; or
- provide a full waiver, in which case the remaining percentage of the exempted fee must be paid from public funds other than impact fee accounts.

An exemption for low-income housing must be conditioned on requiring the developer to record a covenant that restricts property usage to low-income housing only. At a minimum, the covenant must address price restrictions and household income limits for the low-income housing. The covenant must also provide that if the property is converted to a use other than for low-income housing, the property owner must pay the applicable impact fees in effect at the time of conversion.

Summary of Bill: The definition of "development activity" does not include buildings or structures constructed as shelters that provide emergency housing for people experiencing homelessness, or emergency shelters for victims of domestic violence. As a result, the building of such emergency shelters is not subject to impact fees.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill contains an emergency clause and takes effect on April 1, 2018.

Staff Summary of Public Testimony: PRO: This bill clarifies that emergency shelters are exempt from impact fees. This bill has an emergency clause that is important for many communities. Operating charity shelters saves state and local government millions of dollars per year. We are working with local governments to build new shelters to help end homelessness. Building Industry Association of Washington's (BIAW) concerns in the original bill have been addressed and BIAW supports the current version of this bill. Kirkland is working to build a permanent shelter for women and families with children experiencing homelessness. This bill will allow maximum investment in the emergency shelters.

Persons Testifying: PRO: Representative Joan McBride, Prime Sponsor; Josephine Tamayo Murray, Catholic Community Services, Catholic Housing Services; Penny Sweet, Councilmember, City of Kirkland; Steve Gano, Building Industry Association of Washington.

Persons Signed In To Testify But Not Testifying: No one.