
Housing, Human Services & Veterans Committee

HB 1908

Brief Description: Addressing surplus public property for affordable housing.

Sponsors: Representatives Steele, Santos, Eslick, Graham and Macri.

Brief Summary of Bill

- Expands the use of surplus public property for affordable housing to moderate-income households.
- Modifies the deed and lease requirements for transfers of surplus public property.

Hearing Date: 1/18/22

Staff: Serena Dolly (786-7150).

Background:

A state agency or local government with authority to dispose of surplus public property may transfer, lease, or otherwise dispose of surplus property if the purpose is for a public benefit. Any such transfer, lease, or other disposal may be made to a public, private, or nongovernmental body on any mutually agreeable terms and conditions, including a no cost transfer. Consideration must include appraisal costs, debt service, all closing costs, and any other liabilities to the agency, municipality, or political subdivision. However, the property may not be so transferred, leased, or disposed of if such transfer, lease, or disposal would violate any bond covenant or encumber or impair any contract.

A deed, lease, or other instrument transferring or conveying surplus property pursuant for a

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public benefit purpose must include:

- a covenant or other requirement that the property shall be used for the designated public benefit purpose; and
- remedies that apply if the recipient of the property fails to use it for the designated public purpose or ceases to use it for such purpose.

"Public benefit" means affordable housing for low-income and very low-income households and related facilities that support the goals of affordable housing development in providing economic and social stability for low-income persons. Low-income households are households with an adjusted income at or below 80 percent of county median household income, and very-low income households are households with an adjusted income at or below 50 percent of county median household income.

"Surplus public property" means excess real property that is not required for the needs of or the discharge of the responsibilities of the state agency, municipality, or political subdivision.

Summary of Bill:

A public benefit purpose is expanded to include housing for moderate-income households whose adjusted income is at or below 120 percent of the county median household income. A public benefit purpose includes affordable rental housing and permanently affordable homeownership.

A deed, lease, or other instrument transferring or conveying surplus property for a public benefit purpose must include a legally binding, recorded document that permanently restricts occupancy to a qualified moderate-income, low-income, or very-low income household. These documents may include affordability covenants, deed restrictions, and community land trust leases. Resale restrictions may include: (1) continuous ownership of land by a public entity or nonprofit housing provider with a lease allowing ownership by an income-eligible household; or (2) a non-possessory interest or right in real property, such as a deed restriction, restrictive covenant, resale restriction, or other contractual agreement, that ensures affordability.

Appropriation: None.

Fiscal Note: Not requested.

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