

HOUSE BILL REPORT

HB 1908

As Reported by House Committee On:
Housing, Human Services & Veterans

Title: An act relating to surplus public property for affordable housing.

Brief Description: Addressing surplus public property for affordable housing.

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

Brief History:

Committee Activity:

Housing, Human Services & Veterans: 1/18/22, 2/3/22 [DPS].

Brief Summary of Substitute Bill

- Expands the use of surplus public property for affordable housing to moderate-income households.
- Establishes limits on monthly rental housing and homeownership costs for property to be considered a public benefit purpose.
- Modifies the deed and lease requirements for transfers of surplus public property.

HOUSE COMMITTEE ON HOUSING, HUMAN SERVICES & VETERANS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Peterson, Chair; Taylor, Vice Chair; Gilday, Ranking Minority Member; Barkis, Assistant Ranking Minority Member; Bateman, Donaghy, Jacobsen and Leavitt.

Minority Report: Do not pass. Signed by 1 member: Representative Chopp.

Staff: Serena Dolly (786-7150).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

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 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 Substitute 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 for which monthly housing costs do not exceed:

- for rental housing, 30 percent of the household's monthly income from rent and utilities, other than telephone; or
- for permanently affordable owner-occupied housing, 38 percent of the household's monthly income for mortgage principal, interest, property taxes, homeowner's insurance, homeowner's association fees, and land lease fees, as applicable. In addition, total household debt may not exceed 45 percent of the monthly household income.

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 nonpossessory interest or right in real property, such as a deed restriction, restrictive covenant, resale restriction, or other contractual agreement, that ensures affordability.

Substitute Bill Compared to Original Bill:

The substitute bill established limits on monthly housing costs for property to be considered a public benefit purpose.

Appropriation: None.

Fiscal Note: Not requested.

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

Staff Summary of Public Testimony:

(In support) The Legislature can make a real impact on housing in some communities with this bill. Adjusting the income threshold is a game changer in some districts. It creates additional opportunities and flexibility. Workforce housing is missing in the upper Wenatchee Valley. On one day, the Wenatchee Valley only had one home for sale under \$750,000. It is not economically sustainable. Employers cannot retain and attract workers and families. Securing land is a barrier to providing affordable housing, and counties have surplus land that could be part of the solution. The bill should be amended to include the affordability standards from the Housing Trust Fund.

(Opposed) None.

Persons Testifying: (In support) Representative Mike Steele, prime sponsor; Sasha Sleiman, Chelan County; Steven Wilkinson, Chelan Valley Housing Trust; Thom Nees, Serve Wenatchee Valley and Common Roots Community Land Trust; Kaylin Bettinger, Upper Valley Meeting Each Need With Dignity; and Kathleen Hosfeld, Homestead Community Land Trust.

Persons Signed In To Testify But Not Testifying: None.