

# SENATE BILL REPORT

## HB 2061

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As Passed Senate, March 1, 2022

**Title:** An act relating to adding permanently affordable housing to the definition of public improvements.

**Brief Description:** Adding permanently affordable housing to the definition of public improvements.

**Sponsors:** Representatives Ormsby, Santos, Valdez, Morgan, Chopp, Pollet, Harris-Talley, Bergquist and Lekanoff.

**Brief History:** Passed House: 2/9/22, 68-27.

**Committee Activity:** Housing & Local Government: 2/16/22, 2/17/22 [DP, DNP, w/oRec].

**Floor Activity:** Passed Senate: 3/1/22, 35-14.

### Brief Summary of Bill

- Clarifies that public improvements for the purposes of community revitalization financing include permanently affordable housing.

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## SENATE COMMITTEE ON HOUSING & LOCAL GOVERNMENT

**Majority Report:** Do pass.

Signed by Senators Kuderer, Chair; Das, Vice Chair; Fortunato, Ranking Member; Gildon, Assistant Ranking Member; Cleveland, Lovelett, Salomon and Trudeau.

**Minority Report:** Do not pass.

Signed by Senator Wilson, J..

**Minority Report:** That it be referred without recommendation.

Signed by Senators Sefzik and Warnick.

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*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.*

**Staff:** Jeff Olsen (786-7428)

**Background:** In 2001 the Community Revitalization Financing (CRF) Act was created. It authorized cities, towns, counties, and port districts to create a tax increment area and finance public improvements within the area by using increased revenues from local property taxes generated within the area.

An increment area cannot be created without the approval of the local government imposing at least 75 percent of the regular property taxes within the area. The incremental property taxes under this program are calculated on 75 percent of any increase in the assessed value in the increment area. Any fire protection district with geographic boundaries in the increment area must agree to participate in the project in order for it to proceed. The CRF Act does not include any state contribution.

In 2020 the Legislature enacted House Bill 2497 expanding the use of CRF monies. The purchasing, rehabilitating, retrofitting for energy efficiency, and constructing housing for the purpose of creating or preserving permanently affordable housing was added to the public improvement costs authorized for the CRF Act.

"Permanently affordable housing" is defined as housing, regardless of ownership, for which there is a legally binding, recorded document in effect that limits the price at which the owner may sell. The type of documents may include affordability covenants, deed restrictions, and community land trust leases.

**Summary of Bill:** The definition of "public improvements" for CRF includes permanently affordable housing.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: The CRF program is used in the Spokane area and the intent is to set aside funds for permanently affordable housing. The program can use tax increment financing funds to preserve affordable housing and use it to address displacement and gentrification problems resulting from the increased demand for housing.

**Persons Testifying:** PRO: Breean Beggs, Spokane City Council President.

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