

SENATE BILL REPORT

SB 5375

As of February 4, 2021

Title: An act relating to a study of the differences in low-income housing development in urban and rural locations.

Brief Description: Concerning a study of the differences in low-income housing development in urban and rural locations.

Sponsors: Senators Warnick, Fortunato, Rolfes, Van De Wege and Wilson, J..

Brief History:

Committee Activity: Housing & Local Government: 2/04/21.

Brief Summary of Bill

- Requires the Joint Legislative Audit and Review Committee to conduct a study of the differences in low-income housing development in urban and rural counties by December 2022.

SENATE COMMITTEE ON HOUSING & LOCAL GOVERNMENT

Staff: Brandon Popovac (786-7465)

Background: The Joint Legislative Audit and Review Committee (JLARC) is a joint committee consisting of eight senators and eight representatives, with nonpartisan staff conducting performance audits, program evaluations, sunset reviews, and other analyses, including analyses on housing issues and tax-related policies, as assigned by the Legislature and the committee itself. Since 2018, for example, JLARC has analyzed the costs of developing low-income housing and compared them with market-rate costs, reviewed multifamily housing property tax exemptions in Mason County and in urban areas, and reviewed a sales and use tax exemption for providers of farmworker housing.

Summary of Bill: JLARC must conduct a study of the differences in low-income housing

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development in urban and rural counties by December 2022. Specifically, the study must identify or review the following:

- the amount of publicly subsidized low-income housing developed in urban and rural counties between 2010 and 2020 compared to the demographics and populations of such counties;
- any contributing factors that may impact differences in the amount of development in urban and rural counties; and
- what funding sources have been provided to low-income housing projects built in urban and rural counties.

Appropriation: None.

Fiscal Note: Requested on January 30, 2021.

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: It is challenging to find and build affordable housing in rural areas. There has yet to be a third-party review of why housing developers are not incentivized to build in rural areas. Providing housing in rural areas is essential to future economic development.

OTHER: The Housing Trust Fund has funded many housing projects and developed many units across the state. Rural areas present unique challenges. The Department of Commerce has been leading discussions on building affordable housing in rural areas with various boards and stakeholders, including the creation of a special subcommittee on the issue. Certain recommendations have already been implemented, including increased funding for rural development. Commerce has made a policy change in the review of project applications, including a special waiver for certain rural projects. Multiple investors are not as likely to build in rural areas, thus requiring the need for state funding. More technical assistance is needed, with the biennial budget proposing \$2 million for technical assistance. Commerce is working with the Housing Finance Commission (HFC) to leverage available programs. HFC is already assessing the allocation of programs in rural communities. Housing developers have four times the number of projects ready than what HFC can currently fund. Further clarity is needed on the study elements. The state already has a strong affordable housing delivery system. A study may not be necessary since many issues are already known. Other key factors could be addressed, including determining the appropriate income qualification thresholds, target populations, technical assistance, and public/private partnerships necessary to provide more affordable housing.

Persons Testifying: PRO: Senator Judy Warnick, Prime Sponsor.

OTHER: Corina Grigoras, Community Services and Housing Division Deputy Assistant

Director Department of Commerce; Lisa Vatske, Director, Multifamily Housing and Community Facilities Washington State Housing Finance Commission; Marty Miller, Office of Rural and Farmworker Housing.

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