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HOUSE BILL 2061

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State of Washington

67th Legislature

2022 Regular Session

By Representatives Ormsby, Santos, Valdez, Morgan, Chopp, Pollet, Harris-Talley, Bergquist, and Lekanoff

Read first time 01/20/22. Referred to Committee on Finance.

1 AN ACT Relating to adding permanently affordable housing to the  
2 definition of public improvements; and reenacting and amending RCW  
3 39.89.020.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 39.89.020 and 2020 c 280 s 1 are each reenacted and  
6 amended to read as follows:

7 The definitions in this section apply throughout this chapter  
8 unless the context clearly requires otherwise.

9 (1) "Assessed value of real property" means the valuation of real  
10 property as placed on the last completed assessment roll.

11 (2) "Increment area" means the geographic area from which taxes  
12 are to be appropriated to finance public improvements authorized  
13 under this chapter.

14 (3) "Increment value" means (~~seventy-five~~) 75 percent of any  
15 increase in the true and fair value of real property in an increment  
16 area that is placed on the tax rolls after the increment area is  
17 created.

18 (4) "Local government" means any city, town, county, port  
19 district, or any combination thereof.

20 (5) "Ordinance" means any appropriate method of taking  
21 legislative action by a local government.

1 (6) "Permanently affordable housing" means housing, regardless of  
2 ownership, for which there is a legally binding, recorded document in  
3 effect that limits the price at which the owner may sell or restricts  
4 the occupancy of the unit to a qualified, low-income household, for a  
5 period of at least (~~forty~~) 40 years for a property used for shelter  
6 or rental housing, or for a period of at least (~~twenty-five~~) 25  
7 years for a property to be owned by a low-income household. These  
8 documents include, but are not limited to, affordability covenants,  
9 deed restrictions, and community land trust leases. Resale  
10 restrictions exercised by providers of permanently affordable housing  
11 can include, but are not limited to:

12 (a) Continuous ownership of land by a public entity or nonprofit  
13 housing provider with a lease allowing ownership of the structure by  
14 an income-eligible household;

15 (b) A nonpossessory interest or right in real property, such as a  
16 deed restriction, restrictive covenant, resale restriction(~~([+])~~),  or  
17 other contractual agreement, that ensures affordability.

18 (7) "Public improvement costs" means the costs of: (a) Design,  
19 planning, acquisition, site preparation, construction,  
20 reconstruction, rehabilitation, improvement, and installation of  
21 public improvements; (b) purchasing, rehabilitating, retrofitting for  
22 energy efficiency, and constructing housing for the purpose of  
23 creating or preserving permanently affordable housing; (c)  
24 relocating, maintaining, and operating property pending construction  
25 of public improvements; (d) relocating utilities as a result of  
26 public improvements; (e) financing public improvements, including  
27 interest during construction, legal and other professional services,  
28 taxes, insurance, principal and interest costs on general  
29 indebtedness issued to finance public improvements, and any necessary  
30 reserves for general indebtedness; (f) assessments incurred in  
31 revaluing real property for the purpose of determining the tax  
32 allocation base value that are in excess of costs incurred by the  
33 assessor in accordance with the revaluation plan under chapter 84.41  
34 RCW, and the costs of apportioning the taxes and complying with this  
35 chapter and other applicable law; and (g) administrative expenses and  
36 feasibility studies reasonably necessary and related to these costs,  
37 including related costs that may have been incurred before adoption  
38 of the ordinance authorizing the public improvements and the use of  
39 community revitalization financing to fund the costs of the public  
40 improvements.

1 (8) "Public improvements" means:  
2 (a) Infrastructure improvements within the increment area that  
3 include:  
4 (i) Street and road construction and maintenance;  
5 (ii) Water and sewer system construction and improvements;  
6 (iii) Sidewalks and streetlights;  
7 (iv) Parking, terminal, and dock facilities;  
8 (v) Park and ride facilities of a transit authority;  
9 (vi) Park facilities and recreational areas; (~~and~~)  
10 (vii) Stormwater and drainage management systems; and  
11 (viii) Permanently affordable housing; and  
12 (b) Expenditures for any of the following purposes:  
13 (i) Providing environmental analysis, professional management,  
14 planning, and promotion within the increment area, including the  
15 management and promotion of retail trade activities in the increment  
16 area;  
17 (ii) Providing maintenance and security for common or public  
18 areas in the increment area; or  
19 (iii) Historic preservation activities authorized under RCW  
20 35.21.395.  
21 (9) "Regular property taxes" means regular property taxes as  
22 defined in RCW 84.04.140, except: (a) Regular property taxes levied  
23 by port districts or public utility districts specifically for the  
24 purpose of making required payments of principal and interest on  
25 general indebtedness; and (b) regular property taxes levied by the  
26 state for the support of the common schools under RCW 84.52.065.  
27 Regular property taxes do not include excess property tax levies that  
28 are exempt from the aggregate limits for junior and senior taxing  
29 districts as provided in RCW 84.52.043.  
30 (10) "Tax allocation base value" means the true and fair value of  
31 real property located within an increment area for taxes imposed in  
32 the year in which the increment area is created, plus (~~twenty-five~~)  
33 25 percent of any increase in the true and fair value of real  
34 property located within an increment area that is placed on the  
35 assessment rolls after the increment area is created.  
36 (11) "Tax allocation revenues" means those tax revenues derived  
37 from the imposition of regular property taxes on the increment value  
38 and distributed to finance public improvements.

1           (12) "Taxing districts" means a governmental entity that levies  
2 or has levied for it regular property taxes upon real property  
3 located within a proposed or approved increment area.

4           (13) "Value of taxable property" means the value of the taxable  
5 property as defined in RCW 39.36.015.

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