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## Housing Committee

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### HB 1111

**Brief Description:** Concerning housing benefit districts.

**Sponsors:** Representatives Ryu, Walen, Peterson, Lekanoff, Street, Bateman, Ramel, Fitzgibbon, Leavitt, Wylie, Pollet, Davis and Santos.

#### Brief Summary of Bill

- Authorizes a city to establish a housing benefit district to acquire, bank, improve, sell, and lease land for the development of affordable housing.
- Requires the Housing Finance Commission to implement a housing benefit district grant program.
- Establishes an advisory board to provide oversight and technical assistance to housing benefit districts.

**Hearing Date:** 1/19/23

**Staff:** Serena Dolly (786-7150).

#### **Background:**

##### Public Corporations.

Cities and counties may form public corporations, sometimes referred to as public development authorities, to administer federal grants or programs, enhance governmental efficiency and services, or improve general living conditions. A city or county creating a public corporation must control and oversee its operation and funds to ensure that it is reasonably accomplishing its purposes and to correct any deficiencies.

##### Station Area Plans.

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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.*

Under the State Environmental Policy Act, a city with a population greater than 5,000 may adopt optional elements of its comprehensive plans and optional development regulations that apply within specified subareas of the cities that are either: areas designated as mixed-use or urban centers in a land use or transportation plan adopted by a regional transportation planning organization; or areas within 0.5 miles of a major transit stop that are zoned to have an average minimum density of 15 dwelling units or more per gross acre. The subarea plans are sometimes referred to as station area plans.

### Housing Finance Commission.

The Housing Finance Commission (Commission) is a public body created in 1983 to act as a financial conduit which, without using public funds or lending the credit of the state or local government, can issue nonrecourse revenue bonds and participate in federal, state, and local housing programs. The Commission issues both tax-exempt and taxable bonds to provide below market-rate financing to nonprofit and for-profit housing developers who set aside a certain percentage of their units for low-income individuals and families. In addition, the Commission issues tax exempt bonds to provide below market-rate financing for sustainable energy projects, nonprofit facilities, and beginning farmers and ranchers. The Commission does not receive or lend state funds.

### **Summary of Bill:**

Cities may establish a housing benefit district (district) as a new, or part of an existing, public corporation or authority for the purpose of acquiring, land banking, predevelopment contracting, selling, improving, funding, and leasing land for the development of affordable housing for low-income and moderate-income households within a station area. Housing developed must be consistent with any existing state, regional, or county housing plans and using existing surplus land databases.

Once a participating city has established a district within its boundaries, the district must align land acquisition and disposition policies of their plan with the most recently adopted comprehensive plan of the city and plan for and facilitate the following mix of affordable housing within the station area:

- a minimum of 33 percent affordable to households with an income below 80 percent of county median;
- a maximum of 33 percent for market rate; and
- the remainder as housing affordable to moderate-income households with an income of at least 80 percent but below 120 percent of county median.

A city establishing a district within a county of at least 750,000 population must adopt an equitable station area plan. Station area plans must be approved by the Housing Benefit District Advisory Board (Advisory Board) and include an equitable framework with equity goals. Districts must submit any subsequent amendments to station area plans to the Advisory Board for approval.

A district must by covenant, deed restriction, and contract ensure that the properties it transfers or arranges to develop meet or exceed the minimum affordable housing mixture requirements and that the overall mixture of housing developed results in a net gain in extremely low-income, very low-income, and low-income housing. Cities establishing a district must conduct regular audits of the housing developed to ensure that the housing mix and net gain of affordable housing requirements are being achieved. If the audit finds any owner or manager of housing units out of compliance, the city must establish a plan to bring the owner or manager into compliance.

The Housing Finance Commission (Commission) must administer a housing benefit district grant program and establish a process to receive, review, process, and competitively award grants to cities who have established or plan to establish a housing benefit district. No participating city may receive a grant award exceeding \$50 million in any biennium.

Grants may only be used for the following purposes:

- creating or updating station area planning strategies;
- infrastructure development; and
- land acquisition.

An advisory board is established to provide oversight and technical assistance to the districts.

The Governor must appoint nine members as follows:

- one member with public or private real estate finance experience;
- one member with affordable housing development experience;
- one member with market rate housing development experience;
- one member with experience in neighborhood and community planning;
- one member with design and architecture experience;
- one member with experience in transit-oriented development;
- one member with economic development experience;
- one member representing advocates for affordable housing for marginalized communities;
- and
- one member representing nonprofit housing developers.

The advisory board must review and approve station area plans submitted by the districts. The Commission must provide staff support to the advisory board. Up to 1 percent of funds may be used to cover the costs of the Advisory Board and the staff support provided by the Commission.

**Appropriation:** None.

**Fiscal Note:** Requested on January 16, 2023.

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