
**Community Development, Housing &
Tribal Affairs Committee**

HB 2049

Brief Description: Supporting the development of affordable housing in urban areas.

Sponsors: Representatives Santos, Appleton and Pollet.

Brief Summary of Bill

- Creates the Affordable Housing Land Bank within the Department of Commerce to acquire and lease publically owned land for the construction and development of affordable housing within designated urban areas.
- Requires certain governmental entities to remit 20 percent of public lands sales to the Housing Trust Fund.
- Allows governmental entities to transfer property from an urban development area into the Affordable Housing Land Bank to obtain an exemption from the 20 percent remittance of a land sale.
- Requires the same governmental entities to prepare a list of all property owned within an urban development area and to submit the list annually to the Department of Commerce.

Hearing Date: 2/12/15

Staff: Sean Flynn (786-7124).

Background:

State Affordable Housing Programs.

Affordable housing policy. The State Housing Policy Act identifies a state goal to coordinate, encourage, and direct the public and private sectors to participate in the attainment of a decent home in a healthy environment for every resident in the state. The objectives of this policy

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include developing an adequate supply of housing, preserving the existing supply of affordable housing, and ensuring fair and equal access to the housing market.

Housing Trust Fund. The Housing Trust Fund account was established in 1987 as a renewable resource to meet the basic housing needs of low-income and special needs citizens. The Housing Trust Fund is managed by the Department of Commerce (Department) to support the Department's housing programs. The Legislature appropriated approximately \$51.5 million to the Fund in the last biennium (fiscal years 2013-15).

Housing Assistance Program. The Department administers the Housing Assistance Program HAP, which distributes funding through a competitive grant process to eligible organizations for projects that serve individuals and families with special needs and whose income is at or below 50 percent of the median family income for the county or city where the project is located. At least 30 percent of this funding must be used for projects in rural areas. Organizations eligible to receive funding include: local governments; local housing authorities; regional support networks; nonprofit community or neighborhood-based organizations; federally recognized Indian tribes; and regional or statewide nonprofit housing assistance organizations.

Surplus Property Inventory.

Since 1993, the Legislature has directed the Department to identify and catalog underutilized state-owned land and property that is suitable for the development of affordable housing for lower income households. Each year, the Departments of Social and Health Services, Natural Resources, Transportation, Corrections, and Enterprise Services, must provide an inventory of real property owned by each agency that is available for lease or sale. The Department must provide the inventory of state-owned lands and buildings to parties interested in developing sites for affordable housing.

Affordable housing means residential housing that is rented or owned by a person or families who qualify on categories of income levels (moderate, low, very low) below 150 percent of the median income where the housing is located.

Summary of Bill:

Affordable Housing Land Bank.

The Affordable Housing Land Bank (Land Bank) is created within the Department. The Land Bank is administered through the HAP and may receive any publically owned real property. Property in the Land Bank only may be used for affordable housing purposes.

Any property in the Land Bank may be leased to an organization eligible for assistance under the HAP for purposes of the construction or operation of a project that dedicates at least 80 percent of its units to provide affordable housing. A lease agreement may last up to 40 years, and may include the transfer of any improvements on the property to an eligible organization at the end of that period.

Disposal of Public Property and Affordable Housing.

Governmental entities. Certain governmental entities must comply with specific conditions regarding the sale or transfer of public property. The conditions apply to the State Parks and Recreations Commission, the Departments of Natural Resources, Transportation, Social and

health Services, Corrections, Enterprise Services, and Public Lands, as well as, counties, cities, towns, port districts, school districts, and regional transit authorities.

Inventory. The designated government entities must identify and catalog all publically owned property that is underutilized or otherwise no longer suitable for governmental purposes and is located within certain designated urban development centers. The inventories must be provided to the Department by November 1 of each year.

Urban Development Areas. The Department must designate an urban development area within a city with a population over 200,000 people where:

- The aggregate assessed real property value of all taxable property within one or more zip codes is greater than the aggregate assessed property value for the entire city over a five-year period.
- There are properties owned by governmental entities.
- There is a need and potential for affordable housing development.

The Department may work with the Department of Revenue and the Housing Finance Commission to determine the location and boundaries of each urban development area. The urban development areas must be published on the Department's website, and the areas must be reestablished every five years with notice to each governmental entity.

Sale of Public Property. A governmental entity that sells any underutilized or surplus real property for fair market value must remit an amount equal to 20 percent of the sale price to the state treasurer to be deposited in the Housing Trust Fund account. The money deposited in the account must be allocated to the HAP to provide funding to finance any loans or grants to eligible organizations to provide affordable housing within an urban development area.

Transfer to the Land Bank. The sale of a publically owned parcel may be exempted from the 20 percent remittance to the account if the governmental entity selling the property transfers another parcel of real property within an urban development area to the Land Bank between one year before and one year after the fair market value sale. A transfer of property into the Land Bank may exempt only one fair market value property sale within this time period.

In order to qualify for the exemption, the transferred property must be at least 20 percent of the parcel size of the property that was sold. The Department also must accept the offered property in order for the governmental entity to qualify for the exemption. The Department's determination is based on whether the property is suitable for affordable housing development.

If the parcel is less than 20 percent of the fair market value property, the governmental entity can still exempt the sale from the 20 percent remittance, if it pays the dollar value of the sale price that is the equivalent to the difference of the actual acreage percentage and the 20 percent acreage percentage.

The transfer provisions do not apply to the sale or transfer of state forest lands and any state lands granted to the state by the federal government for education, or other restricted purpose.

Appropriation: None.

Fiscal Note: Not requested.

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