

# SENATE BILL REPORT

## SSB 6294

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As Passed Senate, February 9, 2018

**Title:** An act relating to exempting impact fees for low-income housing development.

**Brief Description:** Exempting impact fees for low-income housing development.

**Sponsors:** Senate Committee on Local Government (originally sponsored by Senators Kuderer, Sheldon, Warnick, Walsh, Palumbo and Liias).

**Brief History:**

**Committee Activity:** Local Government: 1/23/18, 1/25/18 [DPS].

**Floor Activity:**

Passed Senate: 2/09/18, 44-2.

**Brief Summary of First Substitute Bill**

- Exempts emergency shelters for people experiencing homelessness or victims of domestic violence from impact fees.

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### SENATE COMMITTEE ON LOCAL GOVERNMENT

**Majority Report:** That Substitute Senate Bill No. 6294 be substituted therefor, and the substitute bill do pass.

Signed by Senators Takko, Chair; Short, Ranking Member; Angel.

**Staff:** Bonnie Kim (786-7316)

**Background:** Impact Fees. Jurisdictions planning under the Growth Management Act may impose impact fees on development activity as part of the financing of public facilities needed to serve new growth and development. This financing must provide a balance between impact fees and other sources of public funds and cannot rely solely on impact fees. Additionally, impact fees:

- may only be imposed for system improvements, a term defined in statute, that are reasonably related to the new development;
- may not exceed a proportionate share of the costs of system improvements; and
- must be used for system improvements that will reasonably benefit the new development.

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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 a part of the legislation nor does it constitute a statement of legislative intent.*

Impact fees may be collected and spent only for qualifying public facilities that are included within a capital facilities plan element of a comprehensive plan. "Public facilities," within the context of impact fee statutes, are the following capital facilities that are owned or operated by government entities:

- public streets and roads;
- publicly owned parks, open space, and recreation facilities;
- school facilities; and
- fire protection facilities.

Impact Fees - Exemption. County and city ordinances by which impact fees are imposed may provide an exemption for low-income housing. Local governments that allow these exemptions may either:

- grant a partial exemption of not more than 80 percent of impact fees; or
- provide a full waiver, in which case the remaining percentage of the exempted fee must be paid from public funds other than impact fee accounts.

An exemption for low-income housing must be conditioned on requiring the developer to record a covenant that restricts property usage to low-income housing only. At a minimum, the covenant must address price restrictions and household income limits for the low-income housing. The covenant must also provide that if the property is converted to a use other than for low-income housing, the property owner must pay the applicable impact fees in effect at the time of conversion.

**Summary of First Substitute Bill:** The low-income housing covenant need not include price restrictions or income limits if a property is used as a shelter for people experiencing homelessness. Buildings or structures constructed as emergency housing for people experiencing homelessness or as emergency shelters for victims of domestic violence are exempted from impact fee assessment.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Effective Date:** The bill takes effect on April 1, 2018.

**Staff Summary of Public Testimony:** *The committee recommended a different version of the bill than what was heard.* PRO: The City of Kirkland is building a women's shelter. This bill makes clear that homeless and domestic violence shelters are not considered a development activity for purposes of an impact fee. Homelessness and affordable housing are critical problems that must be addressed as soon as possible. Shelters should not be subject to impact fees because they are not residential housing.

CON: We agree shelters should not be charged an impact fee. However, as low-income housing is developed, infrastructure costs other than for transportation may be shifted to

others. There may be an agreement to remove the provisions amending the 80 percent impact fee account cap.

**Persons Testifying:** PRO: Senator Patty Kuderer, Prime Sponsor; Dave Asher, City of Kirkland.

CON: Steve Gano, Building Industry Association of Washington.

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