

SENATE BILL REPORT

SB 5713

As Passed Senate, March 16, 2005

Title: An act relating to rehabilitating multiple-unit housing.

Brief Description: Assisting tenants in multiple-unit housing proposed for rehabilitation.

Sponsors: Senators Regala, Franklin and Kohl-Welles.

Brief History:

Committee Activity: Financial Institutions, Housing & Consumer Protection: 2/16/05, 2/17/05 [DP].

Passed Senate: 3/16/05, 48-0.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & CONSUMER PROTECTION

Majority Report: Do pass.

Signed by Senators Fairley, Chair; Berkey, Vice Chair; Benson, Brandland, Delvin, Franklin, Prentice and Spanel.

Staff: Jennifer Arnold (786-7471)

Background: Current law provides a property tax exemption as an incentive to encourage the rehabilitation or construction of new multifamily housing in certain urban centers, with the intended additional effects of promoting community development, affordable housing, neighborhood revitalization, and limiting urban sprawl.

The tax exemption provides that new housing construction and the rehabilitation of existing buildings that meet certain criteria is exempt from property taxation for 10 successive years, following the calendar year that the eligibility requirements were met. The exemption does not include the value of the land, non-housing related improvements, and construction improvements to existing buildings that were made prior to applying for the exemption.

To qualify for the tax exemption, the new or rehabilitated multiple-unit housing must meet the following general criteria:

- be located within a residential target area, as designated by the city;
- meet any guidelines adopted by the governing local government, which may include, among other requirements, height, density, public benefit features, and low or moderate income occupancy requirements;
- have at least 50 percent of the space within the structure dedicated to permanent residential occupancy;
- be completed within three years from the date of application approval;
- be vacant at least 12 months before submitting an application and fail to meet applicable building or housing codes, if it is a property that is proposed for rehabilitation; and

- the applicant and the city must contractually agree to the terms and conditions of development.

Summary of Bill: It is no longer required that a property proposed for rehabilitation be vacant 12 months prior to application for the exemption. However, if such a building is not vacant, the property owner must provide all existing tenants with comparable housing and a reasonable opportunity to relocate.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: This is needed for those owners who want to rehabilitate a building without displacing the current tenants. Moreover, this would lower the number of vacant buildings in urban centers, which tend to attract crime and reduce the number of people in the community to support local businesses.

Testimony Against: None.

Who Testified: PRO: Bill Evans, Council member, City of Tacoma; Erling Kuestler, Realtor.

CON: None.