

HOUSE BILL REPORT

HB 1752

As Reported by House Committee On:
Community Development, Housing & Tribal Affairs

Title: An act relating to supporting the development of affordable housing in urban areas.

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

Sponsors: Representatives Santos, Johnson and Ortiz-Self.

Brief History:

Committee Activity:

Community Development, Housing & Tribal Affairs: 2/8/17, 2/15/17 [DPS].

Brief Summary of Substitute Bill

- Requires the Affordable Housing Advisory Board to study and report on the potential for using surplus public property for developing affordable housing, including establishing an affordable housing land bank and remitting funds from the sale of public property to fund affordable housing projects.

HOUSE COMMITTEE ON COMMUNITY DEVELOPMENT, HOUSING & TRIBAL AFFAIRS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 4 members: Representatives Ryu, Chair; Macri, Vice Chair; Reeves and Sawyer.

Minority Report: Do not pass. Signed by 3 members: Representatives McCabe, Ranking Minority Member; Barkis, Assistant Ranking Minority Member; Jenkin.

Staff: Sean Flynn (786-7124).

Background:

State Affordable Housing Programs.

The State Housing Policy Act identifies a 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 include developing an adequate

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

Housing Trust Fund and Housing Assistance Program. The Housing Trust Fund (Fund) was established in 1987 as a renewable resource to meet the basic housing needs of low income and special needs citizens. The Fund is managed by the Department of Commerce (Department) to support the Department's housing programs. The Legislature appropriated approximately \$83 million to the Fund in the last biennium (fiscal years 2015-17).

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.

The Affordable Housing Advisory Board (AHAB) is a body created by the Department to analyze solutions and programs for addressing the need for affordable housing in the state, including financing and construction, use of public lands, coordination with federal programs, removing regulatory barriers, and engaging public and private sector cooperation. The AHAB is a 22-member board made up of representatives of public entities, local governments, housing industries, and other stakeholders.

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, or very low) below 150 percent of the median income where the housing is located.

Summary of Substitute Bill:

The AHAB is directed to conduct a study to identify potentially surplus publically owned real property within areas of rising rates of property values that could be used for affordable housing development. If requested, the study must include a catalog of property within designated areas with high rates of increased property values. Agencies must provide their property inventory to AHAB. The study also must include an evaluation of the use of a remittance of public property sales to fund affordable housing development through the Fund

or other mechanism. The AHAB must consider the potential for establishing an affordable housing land bank to manage state surplus lands for developing affordable housing projects. The AHAB should rely on the resources of its representative entities to assist with the study. The AHAB may also consult with real estate and housing experts.

By December 31, 2018, the AHAB must submit a report to the Legislature on the results of the study. The report must include the catalog of public property, an assessment of the potential for establishing an affordable housing land bank, as well as using the sale of public lands to help fund affordable housing development, and other relevant issues.

Substitute Bill Compared to Original Bill:

All policy is removed and incorporated into a study by the AHAB.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 16, 2017.

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

Staff Summary of Public Testimony:

(In support) This policy addresses one of most challenging issues the state faces: finding and developing affordable housing for low-income families. Rising property values are making sufficient affordable housing development impossible. This is not just an issue in high population areas, but it also affects non-urban areas. Publically owned land should be part of the solution to this problem, especially where such public property is located in high property value areas. The Fund is challenged to meet a growing need for affordable housing financing. This policy would support the Fund to reach adequate funding levels.

(Opposed) Counties use land sale revenue for many different purposes, based on the needs and priorities of the community. Local governments are in the best position to make those decisions. Cities support affordable housing development, but this bill does not strike the right balance. This bill substitutes the state's judgment in setting priorities for the cities. Cities should not have to give away 20 percent of resources that are used to support many of a city's services and needs.

Persons Testifying: (In support) Representative Santos, prime sponsor; and Kim Herman, Washington State Housing and Finance Commission.

(Opposed) Juliana Roe and Carl Schroeder, Washington State Association of Counties.

Persons Signed In To Testify But Not Testifying: None.