

# SENATE BILL REPORT

## SB 5353

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As Reported by Senate Committee On:  
Local Government, February 19, 2019

**Title:** An act relating to promoting redevelopment of certain areas to encourage transit supportive densities and efficient land use.

**Brief Description:** Promoting redevelopment of certain areas to encourage transit supportive densities and efficient land use.

**Sponsors:** Senators Zeiger and Conway.

**Brief History:**

**Committee Activity:** Local Government: 2/05/19, 2/19/19 [DP-WM].

**Brief Summary of Bill**

- Expands eligible residential targeted areas under the multi-family tax exemption program to certain unincorporated areas of a county.

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### SENATE COMMITTEE ON LOCAL GOVERNMENT

**Majority Report:** Do pass and be referred to Committee on Ways & Means.

Signed by Senators Takko, Chair; Salomon, Vice Chair; Short, Ranking Member; Honeyford and Lovelett.

**Staff:** Greg Vogel (786-7413)

**Background:** Growth Management Act. The Growth Management Act (GMA) is the comprehensive land use planning framework for counties and cities in Washington. The GMA sets forth three broad planning obligations for those counties and cities who plan fully under the GMA: the county legislative authority must adopt a countywide planning policy; the county, and the cities within the county, must designate critical areas, agricultural lands, forestlands, and mineral resource lands, and adopt development regulations accordingly; and the county must designate and take other actions related to urban growth areas.

Urban Growth Areas. Counties that fully plan under the GMA must designate urban growth areas (UGA), within which urban growth must be encouraged and outside of which growth

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may occur only if it is not urban in nature. Planning jurisdictions must include within their UGAs sufficient areas and densities to accommodate projected urban growth for the succeeding 20-year period. In addition, cities must include sufficient areas to accommodate the broad range of needs and uses that will accompany the projected urban growth, including, as appropriate, medical, governmental, institutional, commercial, service, retail, and other nonresidential uses.

Multi-Family Tax Exemption. Eligible cities and counties may exempt from property tax the value of the construction, conversion, and rehabilitation of certain multi-unit residential housing projects in urban centers. The tax exemption applies only to the value of the construction or rehabilitation projects and does not exempt the value of the underlying property. The tax exemption on a qualifying property lasts for eight consecutive years. However, the exemption is extended to a 12-year period if the owner commits to renting or selling at least 20 percent of the units as affordable housing to low and moderate-income households.

To qualify for an exemption, the housing project must be located within a residential targeted area (RTA) designated by a qualifying county or city. The RTA must be in an urban center that lacks sufficient residential housing, including affordable housing, to meet the needs of the public who would likely live in the urban center if housing were available.

Qualifying cities and towns that may designate RTAs include:

- cities or towns with a population of at least 15,000;
- the largest city or town located in a county planning under the GMA, if there is no city or town with a population of at least 15,000; and
- cities or towns with a population of at least 5,000 located in a county that participates in the Buildable Lands Program.

County-designated RTAs must be in an unincorporated area of the county, within a UGA, and either:

- in a county with an unincorporated population over 350,000 that includes a college campus where at least 1200 students live; or
- be designated before January 1, 2013, by a rural county with a population between 50,000 and 71,000 that borders Puget Sound.

Property owners within a designated RTA must submit an application for the tax exemption to the designating city or county. The city or county may include additional eligibility requirements for the tax exemption, including a higher percentage of units used for affordable housing to qualify for the 12-year exemption. Counties eligible to apply the tax exemption must require owners to commit to selling or renting at least 20 percent of the multi-family housing units for affordable housing to qualify for either the 8- or 12-year exemption.

For the purpose of the property tax exemption, affordable housing is housing for low-to-moderate income households that does not exceed one-third of the household's monthly income. Low-income households must have an income that is no more than 80 percent of the median income of their county. Moderate-income households must have an income between 80 and 115 percent of the median income of their county.

**Summary of Bill:** County-designated RTAs are expanded to include an area in a county with an unincorporated population of at least 350,000 seeking to promote transit supportive densities and efficient land use in an area that is located within:

- a UGA;
- a city's potential annexation area of a city with a population of at least 200,000; and
- 0.25 of a mile of a corridor where bus service is scheduled at least every 15 minutes for no less than ten hours per day and is in service or is planned for service to begin within five years of designation.

**Appropriation:** None.

**Fiscal Note:** Available.

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

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

**Staff Summary of Public Testimony:** PRO: Pierce County is hoping to use this property tax exemption to redevelop a stretch of Pacific Avenue. The goal is to promote redevelopment and encourage Tacoma to annex that area, which is in Tacoma's UGA and potential annexation area. The bill is a tool to address the housing crisis and incentivize transit densities in the urban area. Pierce Transit is moving forward with a bus rapid transit plan, and the bill is a tool to leverage this new transit system. It will encourage private sector investment in the area along the zone and provide incentives for low and moderate income housing along the corridor. This would be a huge improvement in that area and benefit the city of Tacoma and Pierce County.

**Persons Testifying:** PRO: Senator Hans Zeiger, Prime Sponsor; Doug Richardson, Pierce County Council Chair; Hugh Taylor, Pierce County Council Staff.

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