

SENATE BILL REPORT

SB 5739

As of February 26, 2019

Title: An act relating to promoting affordable housing in unincorporated areas of rural counties within urban growth areas.

Brief Description: Promoting affordable housing in unincorporated areas of rural counties within urban growth areas.

Sponsors: Senators Sheldon and Wellman.

Brief History:

Committee Activity: Housing Stability & Affordability: 2/13/19, 2/18/19 [DP-WM].
Ways & Means: 3/01/19.

Brief Summary of Bill

- Extends the application deadline for a property tax exemption for multi-unit residential housing projects in eligible rural areas from January 1, 2020 to January 1, 2025.

SENATE COMMITTEE ON HOUSING STABILITY & AFFORDABILITY

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

Signed by Senators Kuderer, Chair; Das, Vice Chair; Zeiger, Ranking Member; Darneille, Fortunato, Saldaña and Warnick.

Staff: Jeff Olsen (786-7428)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Alia Kennedy (786-7405)

Background: 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

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exemption is extended to 12-years 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 lacking 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 Growth Management Act, 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 an urban growth area, 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.

The property tax exemption for properties located in rural counties that was established in 2014, expires on January 1, 2020.

Summary of Bill: The application deadline for a property tax exemption for multi-unit residential housing projects in eligible rural areas is extended from January 1, 2020 to January 1, 2025.

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 (Housing Stability & Affordability): None.

Persons Testifying (Housing Stability & Affordability): No one.

Persons Signed In To Testify But Not Testifying (Housing Stability & Affordability): No one.

Staff Summary of Public Testimony (Ways & Means): PRO: Several housing projects have already been implemented under this program. This bill extends the property tax exemption for rural counties by five years in order to continue development of affordable housing.

Persons Testifying (Ways & Means): PRO: Senator Tim Sheldon, Prime Sponsor.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.