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**HOUSE BILL 2061**

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**State of Washington 67th Legislature 2022 Regular Session**

**By** Representatives Ormsby, Santos, Valdez, Morgan, Chopp, Pollet, Harris-Talley, Bergquist, and Lekanoff

AN ACT Relating to adding permanently affordable housing to the definition of public improvements; and reenacting and amending RCW 39.89.020.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

**Sec.**  RCW 39.89.020 and 2020 c 280 s 1 are each reenacted and amended to read as follows:

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Assessed value of real property" means the valuation of real property as placed on the last completed assessment roll.

(2) "Increment area" means the geographic area from which taxes are to be appropriated to finance public improvements authorized under this chapter.

(3) "Increment value" means ((~~seventy-five~~)) 75 percent of any increase in the true and fair value of real property in an increment area that is placed on the tax rolls after the increment area is created.

(4) "Local government" means any city, town, county, port district, or any combination thereof.

(5) "Ordinance" means any appropriate method of taking legislative action by a local government.

(6) "Permanently affordable housing" means housing, regardless of ownership, for which there is a legally binding, recorded document in effect that limits the price at which the owner may sell or restricts the occupancy of the unit to a qualified, low-income household, for a period of at least ((~~forty~~)) 40 years for a property used for shelter or rental housing, or for a period of at least ((~~twenty-five~~)) 25 years for a property to be owned by a low-income household. These documents include, but are not limited to, affordability covenants, deed restrictions, and community land trust leases. Resale restrictions exercised by providers of permanently affordable housing can include, but are not limited to:

(a) Continuous ownership of land by a public entity or nonprofit housing provider with a lease allowing ownership of the structure by an income-eligible household;

(b) A nonpossessory interest or right in real property, such as a deed restriction, restrictive covenant, resale restriction((~~[,]~~)), or other contractual agreement, that ensures affordability.

(7) "Public improvement costs" means the costs of: (a) Design, planning, acquisition, site preparation, construction, reconstruction, rehabilitation, improvement, and installation of public improvements; (b) purchasing, rehabilitating, retrofitting for energy efficiency, and constructing housing for the purpose of creating or preserving permanently affordable housing; (c) relocating, maintaining, and operating property pending construction of public improvements; (d) relocating utilities as a result of public improvements; (e) financing public improvements, including interest during construction, legal and other professional services, taxes, insurance, principal and interest costs on general indebtedness issued to finance public improvements, and any necessary reserves for general indebtedness; (f) assessments incurred in revaluing real property for the purpose of determining the tax allocation base value that are in excess of costs incurred by the assessor in accordance with the revaluation plan under chapter 84.41 RCW, and the costs of apportioning the taxes and complying with this chapter and other applicable law; and (g) administrative expenses and feasibility studies reasonably necessary and related to these costs, including related costs that may have been incurred before adoption of the ordinance authorizing the public improvements and the use of community revitalization financing to fund the costs of the public improvements.

(8) "Public improvements" means:

(a) Infrastructure improvements within the increment area that include:

(i) Street and road construction and maintenance;

(ii) Water and sewer system construction and improvements;

(iii) Sidewalks and streetlights;

(iv) Parking, terminal, and dock facilities;

(v) Park and ride facilities of a transit authority;

(vi) Park facilities and recreational areas; ((~~and~~))

(vii) Stormwater and drainage management systems; and

(viii) Permanently affordable housing; and

(b) Expenditures for any of the following purposes:

(i) Providing environmental analysis, professional management, planning, and promotion within the increment area, including the management and promotion of retail trade activities in the increment area;

(ii) Providing maintenance and security for common or public areas in the increment area; or

(iii) Historic preservation activities authorized under RCW 35.21.395.

(9) "Regular property taxes" means regular property taxes as defined in RCW 84.04.140, except: (a) Regular property taxes levied by port districts or public utility districts specifically for the purpose of making required payments of principal and interest on general indebtedness; and (b) regular property taxes levied by the state for the support of the common schools under RCW 84.52.065. Regular property taxes do not include excess property tax levies that are exempt from the aggregate limits for junior and senior taxing districts as provided in RCW 84.52.043.

(10) "Tax allocation base value" means the true and fair value of real property located within an increment area for taxes imposed in the year in which the increment area is created, plus ((~~twenty-five~~)) 25 percent of any increase in the true and fair value of real property located within an increment area that is placed on the assessment rolls after the increment area is created.

(11) "Tax allocation revenues" means those tax revenues derived from the imposition of regular property taxes on the increment value and distributed to finance public improvements.

(12) "Taxing districts" means a governmental entity that levies or has levied for it regular property taxes upon real property located within a proposed or approved increment area.

(13) "Value of taxable property" means the value of the taxable property as defined in RCW 39.36.015.

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