

SENATE BILL REPORT

SSB 6337

As Amended by House, March 1, 2016

Title: An act relating to disposing tax foreclosed property to cities for affordable housing purposes.

Brief Description: Disposing tax foreclosed property to cities for affordable housing purposes.

Sponsors: Senate Committee on Human Services, Mental Health & Housing (originally sponsored by Senators Darneille, Miloscia, McCoy, Hasegawa, Conway and Chase).

Brief History:

Committee Activity: Human Services, Mental Health & Housing: 1/21/16, 2/01/16, 2/02/16, 2/04/16 [DPS].

Passed Senate: 2/16/16, 34-14.

Passed House: 3/01/16, 61-36.

SENATE COMMITTEE ON HUMAN SERVICES, MENTAL HEALTH & HOUSING

Majority Report: That Substitute Senate Bill No. 6337 be substituted therefor, and the substitute bill do pass.

Signed by Senators O'Ban, Chair; Miloscia, Vice Chair; Darneille, Ranking Minority Member; Hargrove and Padden.

Staff: Alison Mendiola (786-7444)

Background: Local jurisdictions must follow state statute and any applicable local ordinance or code to dispose of property it owns. The same is true for property a legislative authority owns as a result of a tax foreclosure.

Tax-Foreclosed Property. A legislative authority may dispose of tax-foreclosed property by private negotiation, without a call for bids, and for at least the principle amount of unpaid taxes in any of the following cases: (1) when the sale is to any governmental agency and for public purposes; (2) when the county legislative authority determines that it is not practical to build on the property due to the physical characteristics of the property or legal restrictions on construction activities on the property; (3) when the property has an assessed value of less than \$500 and the property is sold to an adjoining landowner; or (4) when no acceptable bids were received at the attempted public auction of the property, if the sale is made within 12 months from the date of the attempted public auction.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Summary of Substitute Bill: Prior to disposing of tax-foreclosed property, the county legislative authority gives notice to any city in which any tax foreclosed property is located within 60 days of acquiring the property.

The notice must offer the city the opportunity to purchase the property for the original minimum bid under RCW 84.64.080, under the following conditions:

- the city must accept the offer within 30 days of receiving the notice, unless the county agrees to extend the offer;
- the city must provide that the property is suitable and will be used for affordable housing development; and
- the city must agree to transfer the property to a local housing authority or nonprofit entity eligible under chapter 43.185A RCW. The city must be reimbursed by the entity for the amount of unpaid taxes it paid to purchase the property from the county.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony on Original Bill: PRO: This is another tool in the tool box of addressing the need for affordable housing, a tool that Tacoma would like to use. This won't solve the problem of the lack of affordable housing but it will help. This bill only applies to county tax foreclosed property, meaning the taxes have not been paid on the property for three years before the tax foreclosure.

Persons Testifying on Original Bill: PRO: Senator Darneille, Prime Sponsor; and Briahna Murray, Representing City of Tacoma.

Persons Signed In To Testify But Not Testifying on Original Bill: No one.

House Amendment(s): If a county legislative authority wants to purchase a tax foreclosed property for public purposes, the county is not required to offer the property first to a city. Clarifies that the conditions applicable to the purchase by a city only apply if the city chooses to purchase the property. If the city chooses to buy the property, the city must reimburse the county for any direct costs the county incurred in the sale. Similarly, a nonprofit entity or housing authority that buys the property from the city must also reimburse the city for direct costs incurred by the city in the sale.