
**Housing, Community Development &
Veterans Committee**

HB 2898

Brief Description: Concerning housing benefit districts.

Sponsors: Representative Walen.

Brief Summary of Bill

- Authorizes counties and cities to establish a housing benefit district (HBD) for affordable low-income and middle-income housing projects.
- Provides HBDs with taxing and bonding authority including a local sales and use tax from 0.2 percent to 0.5 percent and a property tax up to \$1 per \$1,000 in assessed value.
- Establishes an HBD advisory board with seven members appointed by the Governor to provide oversight and technical assistance to HBDs.

Hearing Date: 2/5/20

Staff: Serena Dolly (786-7150).

Background:

A special purpose district (SPD) is a limited purpose local government separate from a city, town, or county government. SPDs provide a limited number of public facilities or services, depending on the particular purpose for which the district was created. Special purpose districts are generally created through the county or city legislative authority to meet a specific need of the local community. The need may be a new service, a higher level of an existing service, or a method of financing available through the creation of an SPD, such as a transportation benefit district. Special purpose districts are political subdivisions of the state and come into existence, acquire legal rights and duties, and are dissolved in accordance with statutory procedures. Enabling legislation sets forth the purpose of such districts, procedures for formation, powers, functions and duties, composition of the governing body, methods of finance, and other

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provisions. The districts are usually quasi-municipal corporations, though some are statutorily defined as municipal corporations.

Summary of Bill:

A county or city may establish a housing benefit district (HBD) to create affordable low-income and middle-income housing consistent with existing housing plans. An HBD is a quasi-municipal corporation, an independent taxing authority, and a taxing district and may include areas within two or more cities or counties. Unless there is more than one jurisdiction in the HBD, the members of the legislative authority establishing the HBD constitute the governing body. For an HBD with two or more jurisdictions, the HBD must be governed under an interlocal agreement.

Before creating an HBD, the participating jurisdictions must adopt a housing action plan and implement two elements to increase urban residential capacity. Housing benefit districts are eligible to receive grant awards from the Department of Commerce to develop housing action plans. Within a county with a population of at least 800,000, the HBD must develop station area plans consistent with accommodating 65 percent of future population growth.

An HBD may submit for voter approval a proposition to impose a sales and use tax of 0.2 percent. An HBD with a single participating jurisdiction greater than 750,000, or at least two participating jurisdictions with a population greater than 250,000, may submit for voter approval a proposition to impose a sales and use tax of 0.5 percent. Beginning with taxes imposed in 2021, an HBD may impose an additional six-year regular property tax levy not to exceed \$1 per \$1,000 in assessed value of property by submitting a proposition to the voters.

An HBD may issue general obligation bonds not to exceed 1.5 percent of the value of taxable property in the district. The HBD may issue general obligation bonds not to exceed 5 percent of the taxable value of property for capital purposes only. Monies received from bonds must be spent on station area planning strategies, land acquisition, and infrastructure development.

An HBD Advisory Board (Board) is created to provide oversight and technical assistance to the HBDs. The Board consists of seven members appointed by the Governor with staff support from the Housing Finance Commission. The Board membership includes members with experience in real estate finance, affordable housing development, market rate housing development, community planning, design and architecture, transit, and economic development. Except for three initial appointments of two years, Board members are appointed for four-year terms. Up to 1 percent of the HBD tax revenues may be used to pay for expenses for the Board, including costs to provide staff support.

Appropriation: None.

Fiscal Note: Not requested.

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