

SENATE BILL REPORT

SB 5674

As Reported by Senate Committee On:
Housing, February 15, 2023

Title: An act relating to defining affordable housing for purposes of using surplus public property for public benefit.

Brief Description: Defining affordable housing for purposes of using surplus public property for public benefit.

Sponsors: Senators Frame, Gildon, Cleveland, Fortunato, Keiser, Kuderer, Lias, Lovelett, Mullet, Nguyen, Nobles, Shewmake, Valdez and Wilson, C..

Brief History:

Committee Activity: Housing: 2/08/23, 2/15/23 [DP, w/oRec].

Brief Summary of Bill

- Defines affordable housing and updates the definition of public benefit for the transfer, lease, or disposal of surplus public property.

SENATE COMMITTEE ON HOUSING

Majority Report: Do pass.

Signed by Senators Kuderer, Chair; Frame, Vice Chair; Fortunato, Ranking Member; Cleveland, Gildon, Rivers, Saldaña, Shewmake, Trudeau and Wilson, J..

Minority Report: That it be referred without recommendation.

Signed by Senator Braun.

Staff: Melissa Van Gorkom (786-7491)

Background: Any state or local agency with authority to dispose of surplus property may transfer property to any public, private, or nongovernmental body on any terms agreeable to

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the parties, including a no-cost transfer, if the property is used for a public benefit and the governing body or legislative authority has enacted rules to regulate the disposition of property for public benefit purposes. A deed, lease, or other instrument transferring or conveying property must include a requirement that the property will be used for a designated public benefit, as well as remedies if the property is not used for the designated purpose. The authority to dispose of surplus property for public benefit does not apply to state forest lands, common school lands, or other lands subject to legal restrictions.

Before any state agency, except the Department of Transportation, may dispose of surplus state-owned real property to a private or any nongovernmental party, the agency must provide written notice to all other state agencies, each federal agency operating within the state, and the governing authority of each county, city, town, special purpose district and federally recognized Indian tribe in which the land is located. Notice must be provided at least 60 days before entering into any agreement. The state agency providing notice must dispose of the property for continued public benefit to any governmental entity responding to the notice—with state agencies receiving priority—on any terms agreeable to the parties, except where the law requires the sale for fair market value.

Public benefit means affordable housing for households at or below 80 percent of the median income where the affordable housing is located, and related facilities that support the goals of affordable housing development in providing economic and social stability for low-income persons.

Summary of Bill: The definitions for transfer, lease, or disposal of public property for a public benefit purpose are updated.

Public benefit means affordable housing, which can be rental housing or permanently affordable homeownership for households at or below 80 percent of the local adjusted median income, and related facilities that support the goals of affordable housing development in providing economic and social stability for low-income persons.

Affordable housing means:

- for rental housing—30 percent of the household's monthly income for rent and utilities, other than telephone; or
- for permanently affordable homeownership—38 percent of the household's monthly income for mortgage principal, interest, property taxes, homeowner's insurance, homeowner's association fees, and land lease fees, as applicable, and in addition, total household debt is no more than 45 percent of the monthly household income.

Appropriation: None.

Fiscal Note: Not requested.

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: This bill follows up on work the Legislature did last year to exempt real estate excise tax for transfer of land for affordable housing, both rental and affordable homeownership, and clarifies that surplus property can be also used for rental and affordable homeownership. This is a technical fix that will open a new resource for building affordable homeownership in Washington. The single biggest barrier to increasing rates of homeownership is the lack of supply of homes that are affordable. It takes more than state funds to bring affordable housing to the market and ensuring the surplus public lands can be used for this purpose is an important tool for jurisdictions to use to build more homes. Appreciate that for public property affordability is tied to 80 percent of the median income or a percentage of the household income. Housing cost controls need to be applied to more than just public lands and this is a step in the right direction to set that standard.

Persons Testifying: PRO: Senator Noel Frame, Prime Sponsor; Kathleen Hosfeld, Homestead Community Land Trust; Northwest Community Land Trust Coalition; Nick Federici, Northwest Community Land Trust Coalition; Richard May.

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