
Housing Committee

HB 1742

Brief Description: Providing tax incentives for certain multiple-unit dwellings in urban centers.

Sponsors: Representatives Clibborn, Haler, Appleton, Ericks, Simpson, Kristiansen, Linville, Schindler and Quall.

Brief Summary of Bill

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| <ul style="list-style-type: none">• Changes the definition of "city" from a city or town with a population of 30,000 to that with a population of 5,000, or the largest city or town in a county planning under the Growth Management Act. |
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Hearing Date: 2/15/05

Staff: Robyn Dupuis (786-7166).

Background:

New, rehabilitated or converted multifamily housing projects in targeted residential areas are eligible for a 10 year property tax exemption program. A targeted residential area must be located within an urban center, lack sufficient, available, desirable, and convenient residential housing to meet public demand, and increase permanent residents in the area to achieve the planning goals of the GMA. The tax incentive program's purpose is to reduce urban sprawl and increase the number of permanent residents in established residential centers through the affordable development of multiple unit dwellings.

The property tax exemption may be applied to new housing construction and the increased value of a building due to rehabilitation. The exemption does not apply to the land or the non-housing related improvements. If the property changes use before 10 years and no longer complies with guidelines established by the city for participation in the tax exemption program, then back taxes are recovered based on the difference between the taxes paid and taxes that would have been paid without the tax exemption program.

The property tax exemption program is limited to cities with a population of at least 30,000 or the largest city or town in a county planning under the Growth Management Act (GMA). There are 48 towns and cities that qualify for participation in the tax exemption program.

This is a voluntary program in which cities may or may not choose to participate. If the city does choose to utilize the tax exemption program, that city is authorized to establish standards and guidelines beyond those found in statute for approving tax exemption applications by developers.

According to current statute, all projects, at a minimum, must meet the following requirements:

- The multiple-unit housing must be located in a residential targeted area as designated by the city.
- The housing must meet the guidelines as adopted by the city which may include density, size, parking, low-income occupancy and other adopted requirements.
- Fifty percent of the space must be for permanent residential occupancy.
- New construction must be completed within three years of the application's approval
- Property to be rehabilitated must be vacant at least 12 months prior to application.
- The applicant must enter into a contract with the city to agree to terms and conditions.

Summary of Bill:

The minimum population cap is reduced from 30,000 to 5,000 for the multi-unit dwelling property tax exemption program.

Seventy one additional towns and cities will be able to participate in the tax exemption program due to the population cap reduction. One hundred nineteen total towns will be eligible to participate in the tax exemption program.

Appropriation: None.

Fiscal Note: Requested on February 8, 2005.

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