

Briefing Paper

Finance & Administration

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| Division & Department: | City Council |
| Subject: | Disposition of Surplus Property for Affordable Housing |
| Date: | 9/17/18 |
| Contact (email & phone): | Ben Stuckart/bstuckart@spokanecity.org/509-625-6269 |
| City Council Sponsor: | Ben Stuckart |
| Executive Sponsor: | None |
| Committee(s) Impacted: | Finance & Administration; Urban Experience |
| Type of Agenda item: | <input type="checkbox"/> Consent <input checked="" type="checkbox"/> Discussion <input type="checkbox"/> Strategic Initiative |
| Alignment: (link agenda item to guiding document – i.e., Master Plan, Budget, Comp Plan, Policy, Charter, Strategic Plan) | Comprehensive Plan – H 1.12 (Affordable Housing Funding Sources) Comprehensive Plan – SH 1.6 (Vacant, Condemned, & Real Estate Owned Buildings) Comprehensive Plan – SH 1.7 (Surplus City Real Property) RCW 39.33 Mayor Condon’s Housing Quality Task Force The Road Home – Spokane Regional 10-year Plan to End Homelessness |
| Strategic Initiative: | Available Housing; Our Most Vulnerable |
| Deadline: | Will file after committee |
| Outcome: (deliverables, delivery duties, milestones to meet) | N/A |
| <u>Background/History:</u> | |
| <p>The lack of affordable housing is a root cause of poverty in Spokane (Spokane County & City of Spokane, 2008). More than half of all renters in Spokane are considered “rent burdened”¹ (Spokane Community Indicators, n.d.). Spokane’s percentage of rent burdened² citizens outpace the rates of the rest of Spokane County as well as Washington and the United States averages.</p> <p>The high cost and lack of available land can make it impossible for affordable housing development. Strong housing demand like we have seen recently in Spokane (Kramer, 2018) can drive land costs up (Hickey & Sturtevan, Public Land & Affordable Housing in the Washington DC Region: Best Practices and Recommendations, 2015). Discounted public land or properties transferred at no cost can be a valuable component of an overall effort to make affordable housing development financially feasible.</p> <p>Many municipalities (Garrison, 2016), agencies (Cohen, No Cost Public Land Gives Seattle Affordable Housing Developers a Boost, 2017), and states have created policies that allow the transfer of public property to developers of affordable housing under the property’s market value or at no cost (Local Housing Solutions, n.d.).</p> <p>Surplus City properties, especially vacant land, can have a direct budget impact including costs for upkeep and foregone property taxes. Vacant public properties can also have safety issues and can have a negative impact on neighborhoods (Spotts, Hale-Case, & Abu-Khalaf, 2017).</p> | |

¹ 30% of renters in Spokane pay over half of their household income on rent. More than half of all renters pay at least 30% of their household income in rent.

² Moderate Cost Burdened – 30-49% of Income
Severe Cost Burdened – 50% or more of Income

The Mayor’s Housing Quality Task Force recommended a policy to identify city-owned surplus property for transfer under the conditions that the property be used for affordable housing. (Mayor Condon’s Housing Quality Task Force, 2016).

In 2018, the Washington State Legislature passed HB 2382 which authorizes local governments to dispose of surplus property for the development of affordable housing including land acquired with enterprise funds (Association of Washington Cities, 2018). The state has defined affordable housing (known as “public benefit”) as <80% AMI.³ There is a requirement for local governments to adopt regulations governing the transfer of public property for affordable housing authorized under HB 2382.

Executive Summary:

This ordinance:

- Requires that the Real Estate Review Committee (RERC) report include a determination of whether a surplus property is suitable for affordable housing. The City’s CHHS Department may make a recommendation on whether a property is suitable for affordable housing. It creates no development/redevelopment preference for affordable housing.
- Establishes affordable housing as a key characteristic of properties that qualify for special disposition. Characteristics desirable for the development of affordable housing include close access to transit, schools, health facilities, and employment centers. A property’s current land use designation does not prevent it from being considered as a potential site for affordable housing.
- Adds “potential number of affordable housing units, income level served, and length of time units are to be affordable” as criteria in RFPs for special dispositions. Maintains the flexibility for addressing each site in its own context.
- Notes that City property may be transferred at no cost if used for ‘public benefit’ per RCW 39.33. ‘Public benefit’ is defined as affordable housing for low-income and very low-income households as defined in RCW 43.63A.510, and related facilities that support the goals of affordable housing development in providing economic and social stability for low-income persons.

Budget Impact:

TOTAL COST: N/A

Approved in current year budget? Yes No N/A
Annual/Reoccurring expenditure? Yes No N/A

If new, specify funding source:

Other budget impacts: (revenue generating, match requirements, etc.):

The ordinance has no fiscal impact. The City may lose revenue in the future from the sale or transfer of surplus property for less than fair market value. The development of vacant properties may also result in an increase property tax revenue.

Operations Impact:

Consistent with current operations/policy? Yes No N/A
Requires change in current operations/policy? Yes No N/A

Specify changes required: The RERC must consider if surplus City properties could be used for affordable housing.

Known challenges/barriers: None

³ Area Median Income

References

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Spokane County & City of Spokane. (2008). *The Road Home*. Spokane: Spokane County & City of Spokane.

Spotts, M. A., Hale-Case, G., & Abu-Khalaf, A. (2017). *Public Benefit from Publicly Owned Parcels: Effective Practices in Affordable Housing Development*. Columbia, Maryland: Enterprise Community Partners.

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