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ENGROSSED HOUSE BILL 2896

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State of Washington

66th Legislature

2020 Regular Session

By Representatives Ryu, Santos, and Morgan

Read first time 01/29/20. Referred to Committee on Housing,  
Community Development & Veterans.

1 AN ACT Relating to the use of surplus property for public  
2 benefit; and amending RCW 43.63A.510 and 39.33.015.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 43.63A.510 and 2018 c 217 s 1 are each amended to  
5 read as follows:

6 (1) The department must work with the designated agencies to  
7 identify, catalog, and recommend best use of under-utilized, state-  
8 owned land and property suitable for the development of affordable  
9 housing for very low-income, low-income or moderate-income  
10 households. The designated agencies must provide an inventory of real  
11 property that is owned or administered by each agency and is vacant  
12 or available for lease or sale. The department must work with the  
13 designated agencies to include in the inventories a consolidated list  
14 of any property transactions executed by the agencies under the  
15 authority of RCW 39.33.015, including the property appraisal, the  
16 terms and conditions of sale, lease, or transfer, the value of the  
17 public benefit, and the impact of transaction to the agency. The  
18 inventories with revisions must be provided to the department by  
19 (~~November 1st~~) April 1, 2021, and then by April 1st of each year.

20 (2) The department must consolidate inventories into two groups:  
21 Properties suitable for consideration in affordable housing

1 development; and properties not suitable for consideration in  
2 affordable housing development. In making this determination, the  
3 department must use industry accepted standards such as: Location,  
4 approximate lot size, current land use designation, (~~and~~) current  
5 zoning classification of the property, and other appropriate  
6 criteria. The department shall provide a recommendation, based on  
7 this grouping, to the office of financial management and appropriate  
8 policy and fiscal committees of the legislature by December 1st of  
9 each year.

10 (3) Upon written request, the department shall provide a copy of  
11 the inventory of state-owned and publicly owned lands and buildings  
12 to parties interested in developing the sites for affordable housing.

13 (4) The department shall annually publish the inventory of state-  
14 owned and publicly owned lands and buildings and the inventory  
15 received pursuant to RCW 47.12.064 on its web site. Upon written  
16 request, the department shall provide notice of publication of the  
17 inventories to parties interested in developing the sites for  
18 affordable housing.

19 (5) As used in this section:

20 (a) "Affordable housing" means residential housing that is rented  
21 or owned by a person who qualifies as a very low-income, low-income,  
22 or moderate-income household or who is from a special needs  
23 population, and whose monthly housing costs, including utilities  
24 other than telephone, do not exceed thirty percent of the household's  
25 monthly income.

26 (b) "Very low-income household" means a single person, family, or  
27 unrelated persons living together whose income is at or below fifty  
28 percent of the median income, adjusted for household size, for the  
29 county where the affordable housing is located.

30 (c) "Low-income household" means a single person, family, or  
31 unrelated persons living together whose income is more than fifty  
32 percent but is at or below eighty percent of the median income where  
33 the affordable housing is located.

34 (d) "Moderate-income household" means a single person, family, or  
35 unrelated persons living together whose income is more than eighty  
36 percent but is at or below one hundred fifteen percent of the median  
37 income where the affordable housing is located.

38 (e) "Affordable housing development" means state-owned real  
39 property appropriate for sale, transfer, or lease to an affordable  
40 housing developer capable of:

1 (i) Receiving the property within one hundred eighty days; and  
2 (ii) Creating affordable housing units for occupancy within  
3 thirty-six months from the time of transfer.

4 (f) "Designated agencies" means the Washington state patrol, the  
5 state parks and recreation commission, and the departments of natural  
6 resources, social and health services, corrections, and enterprise  
7 services.

8 **Sec. 2.** RCW 39.33.015 and 2018 c 217 s 3 are each amended to  
9 read as follows:

10 (1) Any state agency, municipality, or political subdivision,  
11 with authority to dispose of surplus public property, may transfer,  
12 lease, or (~~other disposal~~) otherwise dispose of such property for a  
13 public benefit purpose, consistent with and subject to this section.  
14 Any such transfer, lease, or other disposal may be made to a public,  
15 private, or nongovernmental body on any mutually agreeable terms and  
16 conditions, including a no cost transfer, subject to and consistent  
17 with this section. Consideration (~~must~~) may include appraisal  
18 costs, debt service, all closing costs, and any other liabilities to  
19 the agency, municipality, or political subdivision. However, the  
20 property may not be so transferred, leased, or disposed of if such  
21 transfer, lease, or disposal would violate any bond covenant or  
22 encumber or impair any contract.

23 (2) A deed, lease, or other instrument transferring or conveying  
24 property pursuant to subsection (1) of this section must include:

25 (a) A covenant or other requirement that the property shall be  
26 used for the designated public benefit purpose for a minimum period  
27 of time as determined by the entity transferring or conveying the  
28 property; and

29 (b) Remedies that apply if the recipient of the property fails to  
30 use it for the designated public purpose or ceases to use it for such  
31 purpose for the required minimum period of time.

32 (3) To implement the authority granted by this section, the  
33 governing body or legislative authority of a municipality or  
34 political subdivision must enact rules to regulate the disposition of  
35 property for public benefit purposes. Any transfer, lease, or other  
36 disposition of property authorized under this section must be  
37 consistent with existing locally adopted comprehensive plans as  
38 described in RCW 36.70A.070.

1 (4) This section is deemed to provide a discretionary alternative  
2 method for the doing of the things authorized herein, and shall not  
3 be construed as imposing any additional condition upon the exercise  
4 of any other powers vested in any state agency, municipality, or  
5 political subdivision.

6 (5) No transfer, lease, or other disposition of property for  
7 public benefit purposes made pursuant to any other provision of law  
8 prior to June 7, 2018, may be construed to be invalid solely because  
9 the parties thereto did not comply with the procedures of this  
10 section.

11 (6) The transfer at no cost, lease, or other disposal of surplus  
12 real property for public benefit purposes is deemed a lawful purpose  
13 of any state agency, municipality, or political subdivision, for  
14 which accounts are kept on an enterprise fund or equivalent basis,  
15 regardless of the primary purpose or function of such agency.

16 (7) The transfer, lease, or other disposal of surplus municipal  
17 utility property at less than true and full value or at no cost for  
18 public benefit purposes shall be deemed a lawful tax imposed by a  
19 city or town specifically for public benefit as defined in this  
20 section and shall not be subject to the provisions of or limitations  
21 imposed under RCW 35.21.865 and 35.21.870.

22 (8) This section does not apply to the sale or transfer of any  
23 state forestlands, any state lands or property granted to the state  
24 by the federal government for the purposes of common schools or  
25 education, or subject to a legal restriction that would be violated  
26 by compliance with this section.

27 ~~((+8))~~ (9) (a) Each city with a population of greater than five  
28 hundred thousand located in a county with a population of greater  
29 than one million five hundred thousand that transfers, leases, or  
30 otherwise disposes of surplus public property for a public benefit  
31 purpose pursuant to this section must submit a biennial report to the  
32 relevant committees of the legislature containing information  
33 regarding each property that was transferred, leased, or otherwise  
34 disposed of. The report must contain the following information:

35 (i) A list identifying each property that was transferred,  
36 leased, or disposed of pursuant to this section and each entity that  
37 received the property; and

38 (ii) The number of units of affordable housing that were  
39 developed on each property that was transferred, leased, or disposed  
40 of pursuant to this section.

1       (b) The first report required by (a) of this subsection must be  
2 submitted by January 1, 2022. Subsequent reports must be submitted  
3 every two years thereafter.

4       (10) For purposes of this section:

5       (a) "Public benefit" means affordable housing for low-income and  
6 very low-income households as defined in RCW 43.63A.510, and related  
7 facilities or uses that ((support)): (i) Support the goals of  
8 affordable housing development in providing economic and social  
9 stability for low-income persons; (ii) subsidize or reduce the cost  
10 of affordable housing development; or (iii) are required by local  
11 development regulations; and

12       (b) "Surplus public property" means excess real property that is  
13 not required for the needs of or the discharge of the  
14 responsibilities of the state agency, municipality, or political  
15 subdivision.

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