
Community Development & Housing Committee

HB 1462

Brief Description: Concerning the use of surplus property for the development of affordable housing.

Sponsors: Representatives Kenney, Pettigrew, Ryu, Santos, Orwall, Ormsby, Springer, Reykdal, Dickerson, Frockt and Kagi.

Brief Summary of Bill

- Requires the Department of Commerce to work with specified state and local governments to maintain an inventory of surplus or underutilized property appropriate for the development of affordable housing.
- Requires that suitable surplus properties are made available exclusively to eligible affordable housing organizations for at least 180 days.
- Allows a governmental entity selling surplus property to an eligible entity to do so without receiving fair market value as long as the affordable housing developed on the property is occupied primarily by extremely low-income, very low-income, or low-income individuals or families.
- Gives each participating governmental entity sole authority to determine whether a property is surplus, if it is suitable for affordable housing, and reasonable conditions for the purchase, lease, exchange, or donation of the property.

Hearing Date: 2/2/11

Staff: Jennifer Thornton (786-7147).

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Department of Commerce's Surplus Land Inventory Program.

The Department of Commerce (Department) is required to administer a program for the statewide identification and cataloging of under-utilized, state-owned real property that is suitable for the development of affordable housing for very low-income, low-income, and moderate-income households. Specified state agencies and local governments are required to provide the Department with an inventory, subject to yearly updates, of all real property that is owned or controlled by such agencies and that is available for lease or sale. The state agencies and local governments subject to this requirement are the:

- Department of Natural Resources;
- Department of Transportation;
- Department of Social and Health Services;
- Department of Corrections;
- Department of General Administration;
- counties; and
- cities, towns, and code cities.

Although not specifically referenced in the Department's surplus lands inventory statute, counties, cities, towns, and code cities are explicitly required to fully participate in the program by statutes contained in the various chapters regulating these municipalities.

As part of the Department's inventory program, each of the participating state agencies and local governments are required to provide the Department with an inventory of its eligible under-utilized property by November 1 of each year. The inventory must include pertinent information regarding the location, approximate size, and current zoning classification of the property. In addition, by November 1 of each year, the governmental entities must purge their real property inventories of sites that are no longer available for the development of affordable housing. The Department must then update its master inventory to reflect the inventory changes reported by the governmental entities.

Upon written request, the Department is required to provide a copy of the inventory of state-owned and publicly owned real property to parties interested in developing the sites for affordable housing.

"Affordable housing" is defined as residential housing that is rented or owned by a person who qualifies as a very low-income, low-income, or moderate-income household, or who is from a special needs population, and whose monthly housing costs, including utilities other than telephone, do not exceed 30 percent of the household's monthly income.

Sale or Disposition of Surplus Land by Governmental Entities Not Required to Participate in Department's Surplus Land Inventory.

Most state and local governmental entities that are authorized to own, control, or administer real property are subject to some form of statutory regulation regarding the sale, disposition, or administration of such property. Most of these governmental entities, however, are not required to participate in the Department's surplus property inventory, nor are they subject to statutory provisions requiring that they consider the development of affordable housing when disposing of surplus property. The Parks and Recreation Commission, port districts, public utility districts,

and water-sewer districts are among the governmental entities that are not participants in the inventory or otherwise directed to consider affordable housing uses when selling surplus property.

Summary of Bill:

The Department of Commerce is directed to work with state and local governmental entities to identify and catalog surplus property owned by those entities suitable for the development of affordable housing.

The state and local government entities subject to the requirements are expanded from the Department of Natural Resources, Department of Transportation, Department of Social and Health Services, Department of Corrections, and Department of General Administration to also include public lands, the state Parks and Recreation commission, cities, counties, towns, port districts, regional transit authorities, water-sewer districts, and public utility districts.

Each entity must provide an inventory of surplus or underutilized property containing specified descriptive information about the property. It must be updated at least once per year. The annual inventory must also include surplus properties that have been sold for affordable housing.

Surplus properties for sale by the governmental entities that are suitable for the development of affordable housing must be offered exclusively to eligible organizations for the development of affordable housing for at least 180 days. An eligible organization includes any city, town, or county government, local housing authority, public development authority, community renewal agency, regional support network, nonprofit community or neighborhood-based organization, federally recognized Indian tribe in Washington, or regional or statewide nonprofit housing assistance organization.

Eligible organizations have the right to obtain these surplus properties through purchase, lease, exchange, or donation under reasonable option and purchase conditions in return for a recorded covenant to provide affordable housing for at least forty years or a loan note for single-family homeownership programs.

A governmental entity that sells real property to an eligible entity under this section may do so at a price that is less than fair market value as long as the housing developed on the property is occupied primarily by individuals or households who are extremely low-income, very low-income, or low-income.

Each participating governmental entity has the sole authority to determine:

- Whether the property is surplus;
- Whether the property is suitable for the development of affordable housing; and
- What constitutes reasonable option and conveyance conditions for the purchase, lease, exchange, or donation of the property.

Each governmental entity must develop the criteria and procedures for inventorying surplus property and offering it for the sale, lease, exchange or donation of affordable housing. The governmental entity must enter into a recorded covenant or loan note to ensure the property meets income requirements and monitor compliance with the covenant or loan note.

Appropriation: None.

Fiscal Note: Requested on 1/28/2011.

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