
**Community Development, Housing &
Tribal Affairs Committee**

HB 1648

Brief Description: Providing for community economic revitalization in incorporated areas.

Sponsors: Representatives Appleton, Johnson, McCoy, Pike, Ryu, Moscoso and Hansen.

Brief Summary of Bill

- Authorizes the Community Economic Revitalization Board to make loans to municipalities to finance public facilities improvements that encourage the revitalization of abandoned and vacant properties in incorporated areas.

Hearing Date: 2/7/13

Staff: Sean Flynn (786-7124).

Background:

Community Economic Revitalization Board Program.

The Community Economic Revitalization Board (CERB) program provides loans and grants for the construction, repair, and acquisition of public facilities that encourage new business development and expansion in areas seeking economic growth. Eligible public facility projects include domestic and industrial water, buildings and structures, industrial wastewater treatment and storm water facilities, telecommunications, electricity, natural gas, and transportation.

The CERB is governed by a 20 member Board that includes representatives of local governments, tribes, the private sector, the Legislature, and state agencies. The CERB conducts regularly scheduled competitive funding rounds for projects proposed by eligible jurisdictions, which include counties, cities and towns, port districts, special purpose districts, innovation partnership zones, municipal and quasi-municipal corporations, and federally-recognized Indian tribes.

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.

The Traditional CERB program offers three financing programs: Committed Private Partner Construction, which requires evidence that a private development or expansion is ready to occur, contingent on approval of CERB funds; Prospective Development Construction, which requires evidence that a private development or expansion is likely to occur as a result of the public improvements; and Planning Studies, which evaluate high-priority economic development projects.

Funding for CERB projects is appropriated in the Capital Budget primarily from the Public Facilities Construction Loan Revolving Account. The CERB is required to make at least 75 percent of the first \$20 million of funds available and at least 50 percent of additional funds available to financial assistance for projects in rural counties.

Summary of Bill:

Revitalization Program Created.

A Revitalization Loan Program is established as a separate and distinct program under the CERB. The objective of the program is to encourage the revitalization of abandoned and vacant properties in incorporated areas so that the number and type of businesses, services and employment opportunities within a community will be maximized.

Revitalization Loans Authorized.

Under the Revitalization Loan Program, CERB is authorized to make interest-free loans to municipalities to finance the cost of improving public facilities. Municipalities include cities, counties, towns and port districts. The maximum amount that CERB may award to a specific project, in a single or a combination of loans, is \$2 million. The CERB may not require the municipality to pay interest on the loan. The maximum loan term is 20 years, but the borrower must begin repaying the loan five years after receiving it.

A separate account is created for the revitalization loan program. Loan repayments must be deposited into the new account. Loans made under the Revitalization Loan Program are exempt from the general CERB loan terms and from the requirement that the majority of CERB funding be approved for projects in rural counties. Moneys in the account may be spent only after appropriation. The amount of outstanding loans for revitalization projects may not exceed moneys available in the account.

Eligible and Ineligible Revitalization Projects.

The CERB may provide financial assistance to municipalities for a project that will improve the opportunity in incorporated areas to revitalize existing retail, industrial or commercial properties that are either abandoned or whose square footage is more than 75 percent vacant. General system improvements can be funded at a minimal level if critical to the project. The project must demonstrate that a specific private development or expansion is ready to occur and will only occur if the public facility improvement is made. In addition, the project must be part of a capital facilities plan, comprehensive plan, or an economic development plan consistent with applicable state planning requirements and must demonstrate economic feasibility.

Other factors that must be considered in evaluating and prioritizing projects are: the project's value to the community, including support from affected local businesses and government; the project's readiness to proceed; and the projected median hourly wage of the private sector jobs created after the project is completed in comparison to the countywide median hourly wage.

The CERB may not provide financial assistance for a project that: facilitates a retail shopping development with a floor area over 10,000 square feet; results in displacement of existing jobs in another Washington community; primarily facilitates or promotes gambling; results in the development of a professional sports arena; or is located outside the municipality's jurisdiction. The board must provide reasonable terms and conditions for repayment for loans.

Appropriations.

The biennial amount appropriated for the Revitalization Program may not exceed \$10 million.

Comparison with former House Bill 1079.

This bill replaces a prior version, House Bill 1079. The main changes in the new bill are:

- The new bill allows projects in incorporated areas to be eligible to apply for financing, rather than limiting eligibility to projects in urban growth areas;
- The new bill makes the program a distinct program so that the default provisions of other CERB programs do not apply; and
- The CERB must provide reasonable terms for repayment, rather than requiring the state or county treasurer to garnish the jurisdiction's tax revenue in the event of delinquencies.

Appropriation: None.

Fiscal Note: Not requested.

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