

HOUSE BILL REPORT

HB 1997

As Reported by House Committee On:
Community Development, Housing & Tribal Affairs

Title: An act relating to authorizing the creation and use of community facilities districts in limited areas of more intensive rural development.

Brief Description: Authorizing the creation and use of community facilities districts in limited areas of more intensive rural development.

Sponsors: Representatives Tharinger and Tarleton.

Brief History:

Committee Activity:

Community Development, Housing & Tribal Affairs: 2/17/15, 2/19/15 [DP], 1/11/16, 1/14/16 [DP].

Brief Summary of Bill

- Allows Community Facility Districts to be created within Limited Areas of More Intensive Rural Development, as designated under the Growth Management Act.

HOUSE COMMITTEE ON COMMUNITY DEVELOPMENT, HOUSING & TRIBAL AFFAIRS

Majority Report: Do pass. Signed by 7 members: Representatives Ryu, Chair; Robinson, Vice Chair; Wilson, Ranking Minority Member; Zeiger, Assistant Ranking Minority Member; Appleton, Hickel and Sawyer.

Staff: Sean Flynn (786-7124).

Background:

Growth Management Act.

The Growth Management Act (GMA) is the comprehensive land use-planning framework for counties and cities in Washington. The GMA establishes land use designation and environmental protection requirements for all counties and cities, and a significantly wider

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array of planning duties for the 29 counties and the cities within that are obligated to satisfy all planning requirements of the GMA.

Under the GMA, lands are generally classified in one of three categories:

- *Urban Growth Areas*: Urban Growth Areas (UGAs) are designated areas within which urban growth must be encouraged and outside of which growth can occur only if it is not urban in nature.
- *Natural Resource Lands*: This category includes agricultural, forest, and mineral resource lands of long-term commercial significance.
- *Rural Lands or Areas*: This category includes all nonresource lands that are not within a UGA.

Certain development is expressly permitted in rural areas if prescribed requirements are met. For example, counties may permit Limited Areas of More Intensive Rural Development (LAMIRDs) providing for the following kinds of development:

- *rural development*: allowing the infill, development, or redevelopment of existing commercial, industrial, residential, or mixed-use areas;
- *recreational and tourist uses*: allowing intensification of development on lots containing, or new development of, small-scale recreational or tourists uses; and
- *nonresidential/cottage industry*: allowing intensification of development on lots containing isolated nonresidential uses or new development of isolated cottage industries and isolated small-scale businesses.

Community Facilities Districts.

In 2010 legislation was enacted that authorized the creation of community facilities districts (CFDs), which are independent special purpose districts that may finance community facilities and local, subregional, and regional infrastructure. A CFD may only include land located within an UGA, as designated under the GMA.

A CFD may only be created by a petition signed by all of the private landowners within a proposed district area, requesting to subject their property to certain assessment amounts proposed in the petition. The petition must be approved by the county, city, or town in which the district is located. Once approved, the county, city, or town must appoint a board of supervisors to govern the CFD.

A CFD is authorized to collect revenue by imposing special assessments on privately owned real property within the district, issuing revenue and assessment bonds, borrowing money, and receiving donations. A CFD may acquire, purchase and sell real and personal property, either inside or outside the boundaries of the district, so long as it serves the facilities or benefits the properties within the district.

A CFD also may finance the costs and expenses for certain facilities, including:

- the purchase, lease, construction, improvement, or rehabilitation of any facility with an estimated life of five years or longer;
- sanitary sewage, drainage, flood control, and irrigation systems;
- landscaping, such as earthworks, structures, and lakes;
- highways, streets, roadways, and parking facilities;
- traffic control systems and devices, and mass transportation facilities;

- facilities for transmitting natural gas, electricity, and communications;
- parks and other recreational, public, or community facilities;
- library, educational, and cultural facilities; and
- other facilities for which local improvements are authorized.

A CFD may not finance residential dwellings, health care facilities, higher education institutions, or certain economic development activities related to the functions of the Economic Development Finance Authority.

Summary of Bill:

In addition to land located within a UGA, CFDs may be located within LAMIRDs, as designated pursuant to the GMA. The new provision does not modify any requirements under the GMA.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) The GMA has not effectively dealt with land use policy in areas in-between urban and rural zones. The use of LAMIRDs have helped to deal with growth issues in these rural areas that are close to urban zones. This bill provides a structure to finance appropriate development in these in-between areas, included public works facilities.

Counties with LAMIRDs have been constrained under the GMA from updating public facilities to address health and safety issues in those areas. Revenue from a CFD could be used to leverage other financing. Expanding CFDs would not create huge sprawl because LAMRIDS already constrain development under the GMA.

(Opposed) None.

Persons Testifying: Representative Tharinger, prime sponsor; and Laura Berg, Washington State Association of Counties.

Persons Signed In To Testify But Not Testifying: None.