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

HB 2382

Brief Description: Promoting the use of surplus public property for public benefit.

Sponsors: Representatives Ryu, Kagi and Valdez.

Brief Summary of Bill

- Requires certain designated state agencies to remit ten percent of any net proceeds from the sale of state real property to the Housing Trust Fund, through 2029.
- Requires all state agencies to notify state, local, federal and tribal entities of any sale of surplus state lands and to offer to dispose of the property to any such entity upon any mutually agreeable terms.
- Allows any state or local agency to dispose of property to any public, private, or nongovernmental body for a public benefit use, on any mutually agreeable terms, including a no-cost transfer.

Hearing Date: 1/10/18

Staff: Sean Flynn (786-7124).

Background:

State Housing Program. The State Housing Policy Act identifies the state goal to coordinate, encourage, and direct the public and private sectors to participate in the attainment of a decent home in a healthy environment for every resident in the state. The objectives of this policy include developing an adequate supply of housing; preserving the existing supply of affordable housing; and ensuring fair and equal access to the housing market.

The Department of Commerce (DOC) administers the state housing programs, including the Housing Assistance Program, which distributes housing funding through a competitive grant process to eligible organizations for projects that serve low-income individuals and families with

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special needs. Organizations eligible to receive funding include: local governments; local housing authorities; regional support networks; nonprofit community or neighborhood-based organizations; federally recognized Indian tribes; and regional or statewide nonprofit housing assistance organizations.

The Housing Trust Fund account was established in 1987 as a renewable resource to support the state housing programs and meet the basic housing needs of low-income and special needs citizens. The Housing Trust Fund is managed by the Department of Commerce and received approximately \$83 million by the Legislature in the 2015-17 biennial budget.

Inventory of State Property for Affordable Housing. The DOC must work with the Departments of Social and Health Services, Natural Resources, Transportation, Corrections, and Enterprise Services to identify and catalog property suitable for the development of affordable housing for low income households. Each year, these agencies must submit to the DOC an inventory of their real property that is available for lease or sale. The DOC must provide these inventories of state-owned lands and buildings to parties interested in developing sites for affordable housing.

Intergovernmental Transfer of Surplus Public Property. Some state agencies have authority to dispose of state real property that become surplus to the agency's needs. The Department of Enterprise Services (DES) has general authority to dispose of real property for all state agencies that do not have such specific authority to dispose of real estate.

State and local government property, generally, may be transferred or exchanged to other state, local, federal or tribal governments on mutually agreed upon terms by each entity. There are certain regulations regarding the intergovernmental transfer of property. For example, the Departments of Natural Resources, Fish and Wildlife, Transportation, DES, and the Parks and Recreation Commission, must notify counties, cities, and towns, when proposing to dispose of state-owned land located within each local jurisdiction. State uniform accounting requirements for local governments require that any department receiving an internal transfer of property from another department must pay the full and fair value of the property.

The Department of Transportation (DOT) may sell or exchange surplus lands for fair market value through a solicitation and bidding process, but also may forgo the bidding process and sell land at fair market value directly to certain parties. Such eligible parties include: another state agency; a local or tribal government where the land is located; the previous private owner or resident; an abutting land owner; or a nonprofit organization dedicated to providing affordable housing and eligible to receive funding through the Housing Trust Fund. Revenue from the sale of such property is directed to be deposited in the Motor Vehicle Account, which is used to fund state highway, road, and street construction and maintenance.

Summary of Bill:

Inventory of State Property for Affordable Housing. The State Parks and Recreation Commission and the Washington State Patrol (WSP) are added to the list of agencies that must provide annual inventories of real property available for sale or lease. The DOC must designate the agency inventories into categories of land that is suitable for affordable housing development, in consideration of the property location, size, current use, and zoning classification.

State Property Sale Remittance for Affordable Housing. Through June 30, 2029, each of the agencies required to provide annual inventories of real property to the DOC must remit 10 percent of the net proceeds of any sale of real property at fair market value. The remittance is deposited in the Housing Trust Fund account. The DOC determines how the funds may be used to support affordable housing development, including but not limited to Brownfield remediation; reducing in impact fees; preservation of existing housing; and the implementation of innovative housing options such as micro-housing and modular housing.

Intergovernmental Notice and Transfer of Surplus Public Property. The procedural requirement for certain state agencies to provide notice to counties, cities, and towns, when proposing to dispose of state-owned real property, is expanded to include all state agencies. Notice also must be provided to all other state agencies, each federal agency within the state, and tribes whose land in which the property is located. The state agency providing notice must dispose of the property to any entity responding to such notice. The disposition may be any terms agreeable to the parties, except where the law requires the sale for fair market value. The notice and transfer provisions are expressly required under the authorization for DES to sell property for other agencies, as well as the authority of the WSP and DOT to sell surplus property.

Disposal of Surplus Property for Public Benefit. Any state or local agency with authority to dispose of surplus property may transfer property to any public, private, or nongovernmental body on any terms agreeable to the parties, including a no-cost transfer, if the property is used for a public benefit. A public benefit must be a purpose that has a substantial and legitimate nexus to a public service or public interest, including affordable housing. Such a transfer must include a requirement that the property will be used for the designated public benefit, as well as remedies if the property is not used for such designated purpose. Each government entity using the authority to dispose of public property for a public benefit must enact rules to do so.

The authority to dispose of surplus property for public benefit is discretionary and may be used as an alternative to existing authority. Such authority is expressly added as an alternative to the authority of the WSP, DOT, and city governments to sell surplus property at fair market value. The disposal of property for public benefit is expressly exempted from the local government accounting requirement that intra-agency property transfers must be paid for at true and full value.

Appropriation: None.

Fiscal Note: Requested on 1/5/18.

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