

SENATE BILL REPORT

3SHB 2382

As Reported by Senate Committee On:
Human Services & Corrections, February 23, 2018
Transportation, February 26, 2018

Title: An act relating to promoting the use of surplus public property for public benefit.

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

Sponsors: House Committee on Transportation (originally sponsored by Representatives Ryu, Kagi and Valdez).

Brief History: Passed House: 2/09/18, 53-45.

Committee Activity: Human Services & Corrections: 2/20/18, 2/23/18 [DPA-WM, w/oRec].

Transportation: 2/26/18, 2/26/18 [DPA, DNP, w/oRec].

Brief Summary of Amended Bill

- Requires the Department of Commerce (Commerce) to work with designated state agencies to identify, catalog, and recommend the best use for under-utilized state-owned surplus land and property.
- Allows any state or local agency to dispose of property to any public, private, or nongovernmental body for affordable housing development on any mutually agreed on terms and conditions, except where the law requires the sale at fair market value, with priority given to state agencies.
- Requires that state agencies, except for the Department of Transportation (DOT), provide written notice to other relevant governmental bodies at least 60 days prior to the disposal of surplus state property to a private or nongovernmental party and prioritize the disposal for continued public benefit.

SENATE COMMITTEE ON HUMAN SERVICES & CORRECTIONS

Majority Report: Do pass as amended and be referred to Committee on Ways & Means.
Signed by Senators Darneille, Chair; Dhingra, Vice Chair; Carlyle, Frockt and Miloscia.

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.

Minority Report: That it be referred without recommendation.

Signed by Senator O'Ban, Ranking Member.

Staff: Keri Waterland (786-7490)

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass as amended.

Signed by Senators Hobbs, Chair; Saldaña, Vice Chair; Cleveland, Dhingra, Liias, McCoy, Takko and Wellman.

Minority Report: Do not pass.

Signed by Senators King, Ranking Member; Chase, Sheldon and Zeiger.

Minority Report: That it be referred without recommendation.

Signed by Senators Fortunato and Walsh.

Staff: Erica Bramlet (786-7321)

Background: Commerce must work with the Department of Social and Health Services (DSHS), the Department of Natural Resources (DNR), DOT, the Department of Corrections (DOC), and the Department of Enterprise Services (DES) to identify and catalog property suitable for the development of affordable housing for low income households. Each year, these agencies must submit an inventory to Commerce of their real property that is available for lease or sale. Commerce must provide these inventories of state-owned lands and buildings to parties interested in developing sites for affordable housing.

Some state agencies have authority to dispose of state surplus property. DES has general authority to dispose of real property for all state agencies that do not have specific authority to do so themselves. 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, specifically, the Department of Fish and Wildlife, DNR, DOT, DES, and the Parks 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 market value of the property.

DOT may sell or exchange surplus lands for fair market value through a solicitation and bidding process, but may also sell land at fair market value directly to certain parties. 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 Trust Fund. Revenue from the sale of such property is directed to be deposited in the Motor Vehicle Account.

Summary of Bill: The bill as referred to committee not considered.

Summary of Amended Bill: Commerce is required to work with designated state agencies to identify, catalog, and recommend the best use for under-utilized state-owned surplus land and property. Designated agencies include the Washington State Patrol, the State Parks and Recreation Commission, DNR, DSHS, DOC, and DES. Designated agencies must also indicate if the properties are suitable or not for affordable housing development.

All state agencies, except DOT, are required, prior to selling surplus property, to provide 60-day written notice to other state and federal agencies within the state, and the governing authority of each county, city, town, special purpose district, and federally recognized Indian tribe in which the land is located. If another governmental entity responds within the 60 days and plans to use the property for continued public benefit, the selling agency must dispose of the property to them, using any terms and conditions agreed upon by the proper authorities, except where disposition at fair market value is required by law.

State and local authorities are also allowed to dispose of property to any public, private, or nongovernmental body for affordable housing development on any mutually agreed on terms and conditions, except where the law requires the sale at fair market value, with priority given to state agencies. The sale of the property must include remedies that would apply if the property is not ultimately used for continued public benefit by the recipient of the property.

EFFECT OF TRANSPORTATION COMMITTEE AMENDMENT(S): Removes requirements for DOT to:

- identify, catalog, and recommend the best use for under-utilized, state-owned surplus land and property; and
- provide written notice to other public entities at least 60 days prior to the disposal of surplus state property and give a right of first refusal to governmental entities that would continue to use the property for public benefit.

EFFECT OF HUMAN SERVICES & CORRECTIONS COMMITTEE AMENDMENT (S): Removes a requirement for 10 percent of the net proceeds from the sale of surplus state property to be deposited in the housing trust fund.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 26, 2018.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Third Substitute House Bill (Human Services & Corrections): *The committee recommended a different version of the bill than what was heard.* PRO: The need exceeds the availability of housing. There is a shortage of affordable housing and this is supportive of addressing homelessness and the increasing challenges to affordable housing. Many people are struggling to keep housing and live in stable conditions. Housing stability leads to people being productive members of society. This is step forward but is not enough. Rents are growing and becoming unaffordable. The federal

government is pulling back so the state cannot. We need more creative solutions. This benefits communities because this opens new options and most communities do not have their own abilities to gain lands at an affordable rate to develop, and this provides an important tool to those areas, especially rural. This provides funding, helps decrease cost of land, and ensures that public agencies have some accountability to helping with affordable housing and homelessness. The 10 percent remittance rate needs to be worked out during the interim.

OTHER: Asking for amendment to include parks and open spaces—green spaces. Concern is that costs are skyrocketing and that subsidized housing is so expensive. If money comes into trust fund, the 10 percent should be set aside for rural communities. Should be a balance between urban and rural.

Persons Testifying (Human Services & Corrections): PRO: Representative Cindy Ryu, Prime Sponsor; Nick Federici, Washington Low Income Housing Alliance; Lisa Wolters, Association of Washington Housing Authorities and Seattle Housing Authority; M.A. Leonard, Vice President, Enterprise Community Partners; State Affordable Housing Advisory Board, Chair; Gina Chamberlain, Housing Developer, Community Frameworks.

OTHER: Mary Fleck, Seattle Green Spaces Coalition; Roger Valdez, Seattle for Growth.

Persons Signed In To Testify But Not Testifying (Human Services & Corrections): No one.

Staff Summary of Public Testimony on Bill as Amended by Human Services & Corrections (Transportation): *The committee recommended a different version of the bill than what was heard.* PRO: Legislators have been working on the housing issue for many years. It is a statewide crisis, with a large shortage of affordable housing, and a continuing need to address the root cause of homelessness. This bill tries to help reduce the cost of solving this problem, and is a start to address the increasing challenges of finding buildable lots. Job growth has been almost 10 percent, but housing is less than half that. The federal government is pulling back on incentives toward low-income housing and people are paying more than half their incomes in rent and foregoing basic needs. This bill is voluntary, and allows the state to leverage an under-utilized resource it already has to help solve the affordable housing crisis.

Persons Testifying (Transportation): PRO: Representative Cindy Ryu, Prime Sponsor; M.A. Leonard, Enterprise Community Partners, Pacific Northwest Market Leader; Nick Federici, Washington Low Income Housing Alliance; Lisa Wolters, Association of Washington Housing Authorities.

Persons Signed In To Testify But Not Testifying (Transportation): No one.