

# FINAL BILL REPORT

## 2SHB 1173

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Synopsis as Enacted

**Brief Description:** Concerning state lands development authorities.

**Sponsors:** House Committee on Capital Budget (originally sponsored by Representatives Berry, Frame, Dolan and Lekanoff).

**House Committee on Community & Economic Development**  
**House Committee on Capital Budget**  
**Senate Committee on Business, Financial Services & Trade**  
**Senate Committee on Ways & Means**

### **Background:**

In 2018 the Legislature established the Interbay Public Development Advisory Committee (Committee). The Committee was created to make recommendations regarding the highest public benefit and future economic development uses for the land on which the Washington Army National Guard (Guard) Armory facility (Armory) sits in the City of Seattle, which the Guard has determined is no longer suitable for its operations. The Committee consisted of two legislative members and five non-legislative members with collective experience in:

- forming public-private partnerships to develop workforce housing or affordable housing, project financing options for public-private partnerships related to housing;
- architectural design and development experience related to industrial lands and mixed-use zoning to include housing; and
- leading public processes to engage communities and other stakeholders in public discussions regarding economic development decisions.

The Committee was required to:

- work in collaboration with the Military Department to determine its needs if the Armory is relocated;
- explore the future economic development opportunities for the land on which the Armory sits if the land is vacated by the Military Department and explore potential funding sources and partners;

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- conduct public meetings at which members of the public could present to the Committee regarding the future uses of the site and potential issues such as industrial land use, commercial development, residential zoning, and public infrastructure needs; and
- provide a report to the Legislature and Office of the Governor with recommendations, including a recommendation regarding the structure, composition, and scope of authority of any subsequent state public development authority that may be established to implement the recommendations of the Committee.

**Summary:**

State Lands Development Authorities (Authorities) are authorized to oversee and manage the development or redevelopment of state-owned property, except for property owned or managed by the Department of Natural Resources, that is within or adjacent to manufacturing industrial centers.

Formation.

The legislative delegation from a district containing state-owned land that is included within, or is adjacent to, a manufacturing industrial center, may propose the formation of an Authority. To form an Authority, the legislative delegation from the district containing the boundaries of the Authority must submit a written proposal to the Legislature that contains the proposed general geographic boundaries of the Authority; and legislative findings that:

- the state owns property within the boundaries of the proposed Authority;
- the state-owned land is located within or adjacent to a manufacturing industrial center;
- the state agency with custodial responsibility for the property has completed an assessment regarding the current use, future use, and a projected date or conditions when the land is vacant, excess, or surplus to the mission of the agency;
- the Legislature intends that the Authority be appropriately funded and staffed; and
- the formation of the Authority will be useful and beneficial to the community within and adjacent to the boundaries of the Authority.

Formation of an Authority must be authorized in statute. An Authority may only be formed in a county with a population of 2 million or greater. Every Authority is a public body corporate and politic and instrumentality of the state of Washington.

Governance.

An Authority is governed by a board of directors. The initial board must be appointed by the Governor upon recommendation from the state legislative delegation from the district that contains the boundaries of the Authority. The number of persons on the board must be included in the proposal to establish the Authority. The board must include at least one member representing each of the following:

- the governing body of each city included in the boundaries of the Authority;
- the mayor's office of each city included in the boundaries of the Authority;

- the governing body of each county included in the boundaries of the Authority; and
- the governing body of each port district included in the boundaries of the Authority.

The board may include additional members as may be prescribed in the proposal to create the Authority.

In addition to other applicable provisions of law pertaining to conflicts of interest of public officials, no Authority board member, appointed or otherwise, may participate in any decision on any board contract in which the board member has any interests, direct or indirect, with any firm, partnership, corporation, or association that would be the recipient of any gain or benefit resulting from transactions with the authority. In any instance where the participation occurs, the board shall void the transaction, and the involved member shall be subject to whatever sanctions may be provided by law. The board must frame and adopt a code of ethics for its members, which must be designed to protect the state and its citizens from any unethical conduct by the board.

#### Powers and Duties.

An Authority has the power to:

- accept gifts, grants, loans, or other aid from public and private entities;
- employ and appoint agents, attorneys, officers, and employees;
- contract and enter into partnerships with individuals, associations, corporations, and local, state, and federal government;
- buy, own, and lease real and personal property;
- sell real and personal property, subject to any rules and restrictions contained in the proposal to establish the Authority;
- hold in trust, improve, and develop land;
- invest, deposit, and reinvest its funds;
- incur debt in furtherance of its mission, provided that any debt incurred is solely the responsibility of the Authority and is not an obligation of the state; and
- lend or grant its funds for any lawful purposes.

An Authority may not levy any taxes or assessments.

An Authority has a duty to:

- adopt bylaws that will govern how the Authority will generally conduct its affairs;
- establish specific geographic boundaries for the Authority with its bylaws based on the general geographic boundaries established in the proposal approved by the Legislature;
- assume responsibility for the development or redevelopment of the state-owned property within its boundaries;
- create a strategic plan for the development or redevelopment of the state-owned property that includes, but is not limited to, the following elements:
  - an examination of the existing uses of the property and an assessment of whether such should change in the future for the use of the property to achieve

- maximum public benefit;
- an examination of options for development or redevelopment that include industrial uses only, mixed-use commercial and residential development, and mixed-use light industrial and residential development, as well as the incorporation of community-oriented facilities, and an evaluation which options would achieve maximum public benefit;
- a plan for extensive public engagement throughout the development or redevelopment process, which must include a regular schedule of public meetings and opportunities for public comment; and
- a financial plan that identifies funding sources necessary to carry out the Authority's strategic plan;
- use gifts, grants, loans, and other aid from public or private entities to further the development and redevelopment projects identified in the Authority's strategic plan; and
- submit a written report to the relevant committees of the Legislature by December 1 of each even numbered year that summarizes the Authority's strategic plan and details its progress in meeting its strategic goals related to development and redevelopment, public engagement, and financial planning.

Accounts.

The State Lands Development Authority Operating Account is created in the State Treasury. Funds in the account may be spent only after appropriation and expenditures may only be used for operating expenses.

The State Lands Development Authority Capital Account is created in the State Treasury. Funds in the account may be spent only after appropriation and expenditures may only be used for capital projects.

Ballard-Interbay State Lands Development Authority.

The Ballard-Interbay State Lands Development Authority (BISLDA) is authorized. The BISLDA's boundaries coextensive with the Interbay property, the state-owned property on which the Guard's Armory currently operates. The BISLDA may exercise its authority in furtherance of projects located only on the Interbay property. The BISLDA is prohibited from selling the Interbay property.

The board of directors of the BISLDA must be composed of the following members:

- one member with experience developing workforce or affordable housing;
- one member with project financing options for public-private partnerships related to housing;
- two members with architectural design and development experience related to industrial and mixed-use zoning;
- one member representing the Port of Seattle;
- one member representing the Governor's office;
- one member representing the King County Council;

- one member representing the City of Seattle mayor's office;
- one member representing the Seattle City Council; and
- the Director of the Department of Commerce or the director's designee as an ex officio, nonvoting member.

Board members serve staggered terms and may serve for no more than four years. The initial board of directors must be appointed by the Governor upon recommendation from the legislative delegation from the district containing the boundaries of the BISLDA. After the initial appointments to the board, the board members must develop a list of candidates for open positions and deliver recommendations to the legislative delegation. The legislative delegation must present the list of candidates for recommendation to the Governor for appointment to the board of directors. In developing the list of candidates, the board of directors must consider racial, gender, and geographic diversity so that the board may reflect the diversity of the community.

**Votes on Final Passage:**

House	77	21	
House	81	15	
Senate	46	1	(Senate amended)
House	85	13	(House concurred)

**Effective:** June 9, 2022