PROPOSED SUBSTITUTE BILL MEMORANDUM

To: Members of the Community and Economic Development Committee

From: Cassie Jones, Counsel, Community and Economic Development Committee

Re: **Proposed Substitute HB 1173 (H–0558.1/21)** - Concerning state lands development authorities

Sponsored by Representative Frame

Date: January 25, 2021

A brief summary of HB 1173:

- Authorizes the establishment of State Lands Development Authorities (SLDAs) to oversee and manage the development or redevelopment of state-owned property that is within or adjacent to manufacturing industrial centers.
- Authorizes the establishment of the Ballard-Interbay State Lands Development Authority.

The proposed substitute (H-0558.1/21) makes the following changes to HB 1173:

- Adds an additional development option, incorporation of community-oriented facilities, to the list of development options to be examined by a State Lands Development Authority.
- Reduces the number of members of the board of directors of the Ballard-Interbay State Lands Development Authority (BISLDA) as follows:
    - One member, instead of two, with experience developing workforce or affordable housing; and
    - One member, instead of two, with knowledge of project financing options for public-private partnerships related to housing.
- Adds a requirement that an existing board of the BISLDA, when developing a list of candidates for a board positions, consider racial, gender, and geographic diversity when developing the list so that the board may reflect the diversity of the community.

BILL REQUEST - CODE REVISER'S OFFICE

BILL REQ. #: H-0558.1/21

ATTY/TYPIST: CL:lel

BRIEF DESCRIPTION: Concerning state lands development authorities.

AN ACT Relating to state lands development authorities; and adding a new chapter to Title 43 RCW.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec. 1.** (1) State lands development authorities are hereby authorized to oversee and manage the development or redevelopment of state-owned property that is within or adjacent to manufacturing industrial centers.

(2) 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 a state lands development authority. The proposal must be presented in writing to the relevant legislative committees in both the house of representatives and the senate. The proposal must contain:

(a) The proposed general geographic boundaries of the state lands development authority; and

(b) Legislative findings relating to formation of the state lands development authority which find that:

(i) The state owns property within the boundaries of the proposed state lands development authority;

(ii) The state-owned land is located within or adjacent to a manufacturing industrial center; and

(iii) The formation of a state lands development authority to oversee and manage the development or redevelopment of the state-owned land will be useful and beneficial to the community within and adjacent to the boundaries of the state lands development authority.

(3) Formation of a state lands development authority is subject to legislative authorization by statute.

NEW SECTION. **Sec. 2.** (1) The affairs of a state lands development authority shall be managed by a board of directors.

(2) The initial board of directors of a state lands development authority must be appointed by the state legislative delegation from the district in which the boundaries of the state lands development authority are contained.

(3) The number of persons on the board of directors and how such persons are selected and replaced, after the initial appointments to the board are made under subsection (2) of this section, must be included in the proposal to establish a state lands development authority under section 1 of this act.

(4) Members of the board of directors must include:

(a) At least one member representing each of the following:

(i) The governing body of each city included in the boundaries of the state lands development authority;

(ii) The mayor's office of each city included in the boundaries of the state lands development authority;

(iii) The governing body of each county included in the boundaries of the state lands development authority; and

(iv) The governing body of each port district included in the boundaries of the state lands development authority;

(b) Additional members if required by the proposal to establish a state lands development authority under section 1 of this act; and

(c) Ex officio, nonvoting members if required by the proposal to establish a state lands development authority under section 1 of this act.

NEW SECTION. **Sec. 3.** (1) State lands development authorities have the power to:

(a) Accept gifts, grants, loans, or other aid from public and private entities;

(b) Employ and appoint such agents, attorneys, officers, and employees as may be necessary to implement its purposes and duties;

(c) Contract and enter into partnerships with individuals, associations, corporations, and local, state, and federal governments;

(d) Buy, own, and lease real and personal property;

(e) Sell real and personal property, subject to any rules and restrictions contained in the proposal to establish a state lands development authority under section 1 of this act;

(f) Hold in trust, improve, and develop land;

(g) Invest, deposit, and reinvest its funds;

(h) Incur debt in furtherance of its mission;

(i) Lend or grant its funds for any lawful purposes. For purposes of this section, "lawful purposes" includes without limitation, any use of funds, including loans thereof to public or private parties, authorized by agreements with the United States or any department or agency thereof under which federal or private funds are obtained, or authorized under federal laws and regulations pertinent to such agreements; and

(j) Exercise such additional powers as may be authorized by law.

(2) A state lands development authority that accepts public funds under subsection (1)(a) of this section:

(a) Is subject in all respects to Article VIII, section 5 or 7, as appropriate, of the state Constitution, and RCW 42.17A.550; and

(b) May not use such funds to support or oppose a candidate, ballot proposition, political party, or political committee.

NEW SECTION. **Sec. 4.** A state lands development authority has the duty to:

(1) Adopt bylaws for the authority that will govern how the authority will generally conduct its affairs and how members of the board of directors are elected;

(2) Establish specific geographic boundaries for the authority with its bylaws based on the general geographic boundaries established in the proposal approved by the legislature;

(3) Assume responsibility for the development or redevelopment of the state-owned property within the boundaries of the authority;

(4) Create a strategic plan for the development or redevelopment of the state-owned property that includes, but is not limited to, the following elements:

(a) An examination of the existing uses of the property and an assessment of whether such should change in the future in order for the use of the property to achieve maximum public benefit;

(b) 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 of which options would achieve maximum public benefit;

(c) 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

(d) A financial plan for the authority that identifies funding sources necessary to carry out the authority's strategic plan;

(5) 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

(6) Submit a written report to the relevant committees of the legislature by December 1st of each even-numbered year that summarizes the authority's strategic plan and details the progress of the authority in meeting its strategic goals related to development and redevelopment, public engagement, and financial planning.

NEW SECTION. **Sec. 5.** The state lands development authority account is created in the state treasury for use if the legislature provides state funds for authority purposes. The account is composed of two subaccounts, one for moneys to be appropriated for operating purposes and the other for moneys to be appropriated for capital purposes. Moneys in the account may be spent only after appropriation. Expenditures from the account may be used only for projects under this chapter.

NEW SECTION. **Sec. 6.** (1) The legislature finds:

(a) The state of Washington owns a property of approximately 25 acres in size located at 1601 West Armory Way within Seattle's Ballard-Interbay northend manufacturing industrial center and Interbay neighborhood, known as the Interbay property. The national guard currently uses the Interbay property for the Seattle readiness center, built in 1974. The national guard has determined that it must relocate from the Interbay property to another site. Once the

national guard is relocated in a new, fully operational readiness center, the Interbay property will be available for redevelopment.

(b) The formation of a state lands development authority to oversee and manage the redevelopment of the Interbay property will be useful and beneficial to the community within and adjacent to the Interbay neighborhood in the city of Seattle.

(2) The legislature authorizes the establishment of the Ballard-Interbay state lands development authority, which boundaries are those contained in the Interbay neighborhood within the city of Seattle.

(3) The Ballard-Interbay state lands development authority may exercise its authority in furtherance of projects that are located only within the boundaries of the Interbay property.

(4) The Ballard-Interbay state lands development authority may not sell the Interbay property or portions of the Interbay property to another entity.

(5) The affairs of the Ballard-Interbay state lands development authority shall be managed by a board of directors, consisting of the following members:

(a) One member with experience developing workforce or affordable housing;

(b) One member with knowledge of project financing options for public-private partnerships related to housing;

(c) Two members with architectural design and development experience related to industrial and mixed-use zoning;

(d) One member representing the port of Seattle;

(e) One member representing the national guard;

(f) One member representing the King county council;

(g) One member representing the city of Seattle mayor's office;

(h) One member representing the Seattle city council; and

(i) Two members of the thirty-sixth legislative district delegation.

(6) No member of the board of directors may hold office for more than four years. Board positions must be numbered one through 11 and the terms staggered as follows:

(a) Board members elected to positions one through five shall serve two-year terms, and if reelected, may serve no more than one additional two-year term.

(b) Board members initially elected to positions six through 11 shall serve a three-year term only.

(c) Board members elected to positions six through 11 after the initial three-year term shall serve two-year terms, and if reelected, may serve no more than one additional two-year term.

(7) The initial board of directors of the Ballard-Interbay state lands development authority must be appointed by the legislative delegation from the district in which the boundaries of the authority are contained, as required by section 2(2) of this act. With respect to the election of subsequent boards of directors, the existing board members must develop a list of candidates for each position and must consider racial, gender, and geographic diversity when developing the list so that the board may reflect the diversity of the community. The election must be held at a regular meeting of the authority in accordance with the authority's bylaws.

(8) For purposes of this section, "Interbay property" means a state-owned property located at 1601 West Armory Way, consisting of approximately 25 acres of land within Seattle's Ballard-Interbay northend manufacturing industrial center and Interbay neighborhood.

NEW SECTION. **Sec. 7.** Sections 1 through 6 of this act constitute a new chapter in Title 43 RCW.

--- END ---