SENATE BILL REPORT
2SHB 1173

As of February 17, 2022

Title: An act relating to state lands development authorities.

Brief Description: Concerning state lands development authorities.

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

Brief History: Passed House: 2/9/22, 81-15.
Committee Activity: Business, Financial Services & Trade: 3/16/21, 3/18/21 [DP-WM, w/oRec]; 2/17/22.

Brief Summary of Bill

- Authorizes the establishment of State Lands Development Authorities in counties with a population of 2 million or greater to oversee and manage the development or redevelopment of state-owned property within or adjacent to manufacturing industrial centers.
- Authorizes the establishment of the Ballard-Interbay State Lands Development Authority.

SENATE COMMITTEE ON BUSINESS, FINANCIAL SERVICES & TRADE

Staff: Kellee Gunn (786-7429)

Background: Interbay Public Development Advisory Committee. In 2018, the Capital Budget established the Interbay Public Development Advisory Committee (Committee) to make recommendations on future economic development uses of the Interbay property. The Interbay property is a 25 acre parcel of land currently owned, fee simple, by the Washington State, Department of the Military. The Committee sought recommendations with the highest public benefit, rather than a return on investment. The recommendations

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were published in a report in November 2019.

Under the deed, transferring the Interbay property from the United States to the state of Washington, must be for National Guard purposes only and the state will not sell, lease, or otherwise dispose of any of the premises without first obtaining written authorization of the United States Secretary of the Army. Though the National Guard (Guard) has indicated it is a top priority to move locations, a sale or transfer of the Interbay property cannot occur until the Guard is fully operational in a new location and has obtained the written authorization of the United States Secretary of the Army to transfer the title of the Interbay property.

Public Development Authorities and Community Preservation and Development Authorities. By state law, local governments may form public development authorities (PDAs), also known as public corporations, to carry out a specific function such as administering federal grants or local programs, enhance governmental efficiency and service provision, and improve a municipality's general living conditions. State law also provides for the ability to create community preservation and development authorities (CDPAs). CDPAs are dedicated to preserving or enhancing the unique historical or cultural character of communities impacted by certain land use decisions. Creating a CDPA requires legislative approval.

Summary of Bill: State Lands Development Authority. An option is provided for local governments, state representatives, and others to create a State Lands Development Authority (Authority). An Authority may only by formed in a county with a population of 2 million or more, to be responsible for managing the development or redevelopment of state-owned property within or adjacent to manufacturing industrial centers. Any land owned or operated by the Department of Natural Resources is exempt. Each Authority must be managed by a board of directors, and be granted with certain authority powers and may have an account in the state treasury to receive state appropriated funds. Legislative approval is required for an Authority to be formed. The law is similar to forming a CDPA under current law.

Ballard-Interbay State Lands Development Authority. An Authority to oversee and manage development or redevelopment of the state-owned Interbay property, located at 1601 West Armory Way within Seattle's Ballard-Interbay neighborhood, is created. The 36th legislative district delegation, or if seeking the development of another Authority another delegation, may offer a proposal for creation of the Authority to the relevant legislative committees. The proposal must contain certain information relevant to the property including use assessments, dates for when land will become vacant, intention by the Legislature that the Authority be appropriately funded and staffed, and formation of the Authority.

Board of Directors. The Authority shall be managed by a board of directors (board), initially appointed by the Governor but by recommendation of the legislative district delegation. The board must consist of certain members representing city governments,

county governments, and port districts within the boundary of the property. Specific to the Ballard-Interbay Authority, there must be board members representing workforce development or affordable housing, have experience in public-private partnerships related to housing, and have experience with architectural design and development in industrial and mixed-use zones. Additional members may be added to the board as necessary. Future and subsequent boards must come from a list of candidates developed by the existing board of directors with consideration given to racial, gender, and geographic diversity.

State Lands Development Authority Powers. The Authority shall have the power to:

- accept gifts, loans, and other aid from public and private entities;
- employ and appoint necessary agents;
- enter into partnerships and contracts;
- buy, own, lease, and sell property;
- hold in trust, improve, and develop land;
- invest funds;
- incur debt as allowable under the state constitution and other state laws regarding the use of public funds for political purposes;
- lend and grant its funds for lawful purposes; and
- exercise additional powers authorized by law.

The Authority may adopt bylaws, establish boundaries, assume responsibility for development and redevelopment, use gifts and loans, and create a strategic plan. The strategic plan must include certain elements. By December 1st of each even-numbered year, the Authority must submit a report on its progress to the appropriate committees of the Legislature.

Account Created. An account is created in the state treasury for use if the Legislature provides funds for the Authority. The account will consist of two subaccounts, one for capital purposes and the other for operating purposes. Money in the account may only be spent after appropriation.

Appropriation: None.

Fiscal Note: Available.

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 (Regular Session 2022): PRO: There is a 25-acre armory site, where the national guard currently sits, in the heart of Seattle. We have made progress with the congressional delegation to move the armory. The Interbay site is prime location that must be considered thoughtfully by all parties. It is critical to set this public authority up now, so we are ready when the National Guard moves. Real estate prices are

rising. Entities like the public authority established in this bill will bring people to the table who are dedicated to finding equitable solutions to economic development. This will ensure community involvement on the development of this area. Normally I don't believe public authorities are a good idea, but the Interbay Armory site is a unique opportunity. This area has low vacancy rates and access to light rail. Creating an authority will allow for flexibility and responsiveness to many issues, including economic ones. The report done in 2019 was extensive and considered many things.

OTHER: This provides a desperately needed housing opportunity. Please consider mandating someone from the arts and a cultural center to the board. Investing in cultural spaces drives interest in the area and increases use of that area by community members and visitors. Cultural spaces can mean spaces like community clubs, bookstores, and neighborhood barbershops.

Persons Testifying: PRO: Senator Liz Berry, Prime Sponsor; Chieko Phillips, Facilities and Equitable Development committee of the Seattle Arts Commission; Ray Dubicki.

OTHER: Matthew Richter, The Cultural Space Agency public development authority.

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