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## ENGROSSED HOUSE BILL 2138

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State of Washington 61st Legislature 2009 Regular Session

By Representatives Simpson and Chase

Read first time 02/11/09. Referred to Committee on Local Government & Housing.

- 1 AN ACT Relating to the use of surplus property for the development
- 2 of affordable housing; and amending RCW 43.63A.510, 47.12.063,
- 3 47.12.064, 43.20A.037, 72.09.055, 43.19.19201, 79A.05.170, 79A.05.175,
- 4 36.34.137, 35.21.687, 79.11.005, and 79.22.060.
- 5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:
- 6 **Sec. 1.** RCW 43.63A.510 and 1993 c 461 s 2 are each amended to read 7 as follows:
- 7 as follows: 8 (1) The department shall work with ((the departments of natural
- 9 resources, transportation, social and health services, corrections, and
- 10 <u>general-administration</u>)) <u>state\_and\_local\_governmental\_entities</u> to
- identify and catalog <u>surplus or</u> underutilized((<del>, state-owned land and property</del>)) <u>real property owned by these governmental entities</u> suitable
- 13 for the development of affordable housing for very low-income, low-
- 14 income, or moderate-income households. The state and local
- 15 governmental entities subject to the requirements of this section are
- 16 <u>the</u> departments of natural resources, transportation, social and health
- 17 services, corrections, ((and)) general administration ((shall)), and
- 18 public lands, and the state parks and recreation commission, counties,
- 19 <u>cities, and towns. These governmental entities must</u> provide an

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inventory of <u>surplus or underutilized</u> real property that is owned or administered by each ((agency)) governmental entity and is available for lease or sale. Each inventory must contain descriptive information about each property that includes, if known, the contact information for the property and the location, approximate size, sale or lease price and terms, and current zoning classification of the property. б Each inventory must be updated at least once a year, and printed and electronic copies of each inventory must be provided upon request. inventories ((shall)) <u>must</u> be provided to the department by November 1, ((1993)) 2009, with inventory revisions provided each November 1st thereafter. 

- (2) Surplus property for sale by the governmental entities subject to the requirements of this section, and which is suitable for the development of affordable housing, must be offered for at least the first one hundred eighty days after its availability for sale, exclusively to eligible organizations, for the purpose of developing affordable housing. Eligible organizations have the right of first opportunity to purchase these surplus properties, under reasonable option and purchase conditions, in return for a commitment to provide affordable housing for at least thirty years. Governmental entities subject to this section have the sole authority to determine: (a) Whether or not property is surplus; (b) whether or not the property is suitable for the development of affordable housing for very low-income and low-income persons or families; and (c) what constitutes reasonable option and purchase conditions.
- (3) A governmental entity that sells real property to an eligible entity under this section may do so at a price that is less than fair market value, provided that the affordable housing developed on the property is occupied solely by individuals or families who are very low or low income.
- (4) Each governmental entity subject to the requirements of this section must develop the criteria and procedures necessary for inventorying surplus property and offering it for sale to eligible organizations.
- 35 (5) The department must present a written report to the appropriate
  36 committees of the legislature by December 1st of each year regarding
  37 the status of the surplus or underutilized real property inventory as

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- required under this section, and which must include a comprehensive listing of all real property subject to the inventory during the preceding year.
  - (6) Upon written request, the department shall provide a copy of the inventory of state-owned and publicly owned lands and buildings to parties interested in developing ((the sites)) property for affordable housing.
    - (((3))) (7) As used in this section:

- (a) "Affordable housing" means residential housing that is rented or owned by a person who qualifies as a very low-income, low-income, or moderate-income household or who is from a special needs population, and whose monthly housing costs, including utilities other than telephone, do not exceed thirty percent of the household's monthly income.
- (b) "Very low-income household" means a single person, family, or unrelated persons living together whose income is at or below fifty percent of the median income, adjusted for household size, for the county where the affordable housing is located.
- (c) "Low-income household" means a single person, family, or unrelated persons living together whose income is more than fifty percent but is at or below eighty percent of the median income where the affordable housing is located.
- (d) "Moderate-income household" means a single person, family, or unrelated persons living together whose income is more than eighty percent but is at or below one hundred fifteen percent of the median income where the affordable housing is located.
- (e) "Eligible organization" means any city, town, or county government, local housing authority, public development authority, community renewal agency, regional support network established under chapter 71.24 RCW, nonprofit community or neighborhood-based organization, federally recognized Indian tribe in the state of Washington, or regional or statewide nonprofit housing assistance organization, each having experience in the development of affordable housing.
- 35 (f) "Real property" means land, buildings, or buildings and land.
- **Sec. 2.** RCW 47.12.063 and 2006 c 17 s 2 are each amended to read 37 as follows:

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- (1) It is the intent of the legislature to continue the department's policy giving priority consideration to abutting property owners in agricultural areas when disposing of property through its surplus property program under this section. With respect to surplus property in nonagricultural areas that is suitable for residential use, the department shall give priority to selling the property to a public entity or private nonprofit entity dedicated to the development of affordable housing for very low-income, low-income, or moderate-income households, consistent with the requirements of this section and RCW 43.63A.510.
  - (2) Whenever the department determines that any real property owned by the state of Washington and under the jurisdiction of the department is no longer required for transportation purposes and that it is in the public interest to do so, the department may sell the property or exchange it in full or part consideration for land or improvements or for construction of improvements ((at fair market value to)). Except as authorized in (j) of this subsection, the department must receive fair market value for any such sale or exchange. The department may engage in the sale or exchange of its surplus property with any of the following governmental entities or persons:
    - (a) Any other state agency;

- (b) The city or county in which the property is situated;
- (c) Any other municipal corporation;
- (d) Regional transit authorities created under chapter 81.112 RCW;
- (e) The former owner of the property from whom the state acquired title;
- (f) In the case of residentially improved property, a tenant of the department who has resided thereon for not less than six months and who is not delinquent in paying rent to the state;
- (g) Any abutting private owner but only after each other abutting private owner (if any), as shown in the records of the county assessor, is notified in writing of the proposed sale. If more than one abutting private owner requests in writing the right to purchase the property within fifteen days after receiving notice of the proposed sale, the property shall be sold at public auction in the manner provided in RCW 47.12.283;
- 37 (h) To any person through the solicitation of written bids through public advertising in the manner prescribed by RCW 47.28.050;

1 (i) To any other owner of real property required for transportation 2 purposes;

- (j) In the case of property suitable for residential use, any nonprofit organization dedicated to providing affordable housing to very low-income, low-income, and moderate-income households as defined in RCW 43.63A.510 and is eligible to receive assistance through the Washington housing trust fund created in chapter 43.185 RCW. The department may sell or exchange the property for less than fair market value under this subsection (2)(j) if the affordable housing to be developed on the property is to be occupied exclusively by very low-income or low-income households as provided in RCW 43.63A.510; or
- 12 (k) A federally recognized Indian tribe within whose reservation 13 boundary the property is located.
  - (3) Sales to purchasers may at the department's option be for cash, by real estate contract, or exchange of land or improvements. Transactions involving the construction of improvements must be conducted pursuant to chapter 47.28 RCW or Title 39 RCW, as applicable, and must comply with all other applicable laws and rules.
  - (4) Conveyances made pursuant to this section shall be by deed executed by the secretary of transportation and shall be duly acknowledged.
  - (5) Unless otherwise provided, all moneys received pursuant to the provisions of this section less any real estate broker commissions paid pursuant to RCW 47.12.320 shall be deposited in the motor vehicle fund.
- **Sec. 3.** RCW 47.12.064 and 1995 c 399 s 121 are each amended to 26 read as follows:
  - (1) <u>In\_accordance\_with\_RCW\_43.63A.510</u>, the department shall identify and catalog real property that is no longer required for department purposes and is suitable for the development of affordable housing for very low-income, low-income, and moderate-income households as defined in RCW 43.63A.510. The inventory shall include the location, approximate size, and current zoning classification of the property. The department shall provide a copy of the inventory to the department of community, trade, and economic development by November 1, ((1993)) 2009, and every November 1st thereafter.
  - (2) By November  $1\underline{st}$  of each year, beginning in ((1994)) 2010, the department shall purge the inventory of real property of sites that are

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- 1 no longer available for the development of affordable housing. The
- 2 department shall include an updated listing of real property that has
- 3 become available since the last update. As used in this section, "real
- 4 property" means buildings, land, or buildings and land.

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- 5 **Sec. 4.** RCW 43.20A.037 and 1995 c 399 s 65 are each amended to 6 read as follows:
  - (1) <u>In accordance with RCW 43.63A.510</u>, the department shall identify and catalog real property that is no longer required for department purposes and is suitable for the development of affordable housing for very low-income, and moderate-income households as defined in RCW 43.63A.510. The inventory shall include the location, approximate size, and current zoning classification of the property. The department shall provide a copy of the inventory to the department of community, trade, and economic development by November 1, ((<del>1993</del>)) 2009, and every November 1st thereafter.
  - (2) By November 1st of each year, beginning in ((1994)) 2010, the department shall purge the inventory of real property of sites that are no longer available for the development of affordable housing. The department shall include an updated listing of real property that has become available since the last update. As used in this section, "real property" means buildings, land, or buildings and land.
- (3) In selling, transferring, or otherwise disposing of surplus or 22 23 under utilized property, the department shall give priority to selling the property to a public or private entity dedicated to the development 24 25 of affordable housing for very low-income, low-income, or moderate-26 income households, consistent with RCW 43.63A.510. The department may sell or exchange the property for less than fair market value if the 27 affordable housing to be developed on the property is to be occupied 28 29 exclusively by very low-income or low-income households as provided in RCW 43.63A.510. 30
- 31 **Sec. 5.** RCW 72.09.055 and 1995 c 399 s 202 are each amended to read as follows:
- 33 (1) <u>In accordance with RCW 43.63A.510</u>, the department shall identify and catalog real property that is no longer required for department purposes and is suitable for the development of affordable housing for very low-income, low-income, and moderate-income households

as defined in RCW 43.63A.510. The inventory shall include the location, approximate size, and current zoning classification of the property. The department shall provide a copy of the inventory to the department of community, trade, and economic development by November 1, ((1993)) 2009, and every November 1st thereafter.

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- (2) By November  $1\underline{st}$  of each year, beginning in ((1994)) 2010, the department shall purge the inventory of real property of sites that are no longer available for the development of affordable housing. The department shall include an updated listing of real property that has become available since the last update. As used in this section, "real property" means buildings, land, or buildings and land.
- 12 (3) In selling, transferring, or otherwise disposing of surplus or 13 under utilized property, the department shall give priority to selling the property to a public or private entity dedicated to the development 14 of affordable housing for very low-income, low-income, or moderate-15 income households, consistent with RCW 43.63A.510. The department may 16 17 sell or exchange the property for less than fair market value if the affordable housing to be developed on the property is to be occupied 18 exclusively by very low-income or low-income households as provided in 19 RCW 43.63A.510. 20
- 21 **Sec. 6.** RCW 43.19.19201 and 1995 c 399 s 64 are each amended to 22 read as follows:
  - (1) <u>In accordance with RCW 43.63A.510</u>, the department of general administration shall identify and catalog real property that is no longer required for department purposes and is suitable for the development of affordable housing for very low-income, low-income, and moderate-income households as defined in RCW 43.63A.510. The inventory shall include the location, approximate size, and current zoning of classification the property. The department of administration shall provide a copy of the inventory to the department of community, trade, and economic development by November 1,  $((\frac{1993}{1}))$ 2009, and every November 1st thereafter.
  - (2) By November  $1\underline{st}$  of each year, beginning in ((1994)) 2010, the department of general administration shall purge the inventory of real property of sites that are no longer available for the development of affordable housing. The department shall include an updated listing of

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real property that has become available since the last update. As used in this section, "real property" means buildings, land, or buildings and land.

- (3) In selling, transferring, or otherwise disposing of surplus or under utilized property, the department shall give priority to selling the property to a public or private entity dedicated to the development of affordable housing for very low-income, low-income, or moderate-income households, consistent with RCW 43.63A.510. The department may sell or exchange the property for less than fair market value if the affordable housing to be developed on the property is to be occupied exclusively by very low-income or low-income households as provided in RCW 43.63A.510.
- **Sec. 7.** RCW 79A.05.170 and 1991 sp.s. c 13 s 23 are each amended to read as follows:
  - (1) In selling, transferring, or otherwise disposing of surplus or underutilized real property, the commission shall give priority to selling the property to a public or private entity dedicated to the development of affordable housing for very low-income, low-income, or moderate-income households, consistent with RCW 43.63A.510. The commission may sell or exchange the property for less than fair market value if the affordable housing to be developed on the property is to be occupied exclusively by very low-income or low-income households as provided in RCW 43.63A.510.
  - (2) Except for those lands subject to RCW 43.63A.510, any lands owned by the ((state-parks-and-recreation)) commission, which are determined to be surplus to the needs of the state for development for state park purposes and which the commission proposes to deed to a local government or other entity, shall be accompanied by a clause requiring that if the land is not used for outdoor recreation purposes, ownership of the land shall revert to the ((state-parks-and recreation)) commission.
  - (((2)—The state parks—and recreation—commission,)) (a) In cases where land subject to such a reversionary clause is proposed for use or disposal for purposes other than recreation, the commission shall require that, if the land is surplus to the needs of the commission for park purposes at the time the commission becomes aware of its proposed use for nonrecreation purposes, the holder of the land or property

shall reimburse the commission for the release of the reversionary interest in the land. The reimbursement shall be in the amount of the fair market value of the reversionary interest as determined by a qualified appraiser agreeable to the commission. Appraisal costs shall be borne by the local entity which holds title to the land.

 $((\frac{3}{2}))$  (b) Any funds generated under a reimbursement under this section shall be deposited in the parkland acquisition account which is hereby created in the state treasury. Moneys in this account are to be used solely for the purchase or acquisition of property for use as state park property by the commission, as directed by the legislature; all such funds shall be subject to legislative appropriation.

(3) In accordance with RCW 43.63A.510, the commission shall identify and catalog real property that is no longer required for commission purposes and is suitable for the development of affordable housing for very low-income, low-income, and moderate-income households as defined in RCW 43.63A.510. The inventory must include the location, approximate size, and current zoning classification of the property. The commission shall provide a copy of the inventory to the department of community, trade, and economic development by November 1, 2009, and every November 1st thereafter. By November 1st of each year, beginning in 2010, the commission shall purge the inventory of real property of sites that are no longer available for the development of affordable housing. The commission shall include an updated listing of real property that has become available since the last update. As used in this section, "real property" means buildings, land, or buildings and land.

**Sec. 8.** RCW 79A.05.175 and 2007 c 145 s 1 are each amended to read 28 as follows:

Except for those lands subject to RCW 43.63A.510 and 79A.05.170(1), whenever the commission finds that any land under its control cannot advantageously be used for park purposes, it is authorized to dispose of such land by the method provided in this section or by the method provided in RCW 79A.05.170. If such lands are school or other grant lands, control thereof shall be relinquished by resolution of the commission to the proper state officials. If such lands were acquired under restrictive conveyances by which the state may hold them only so long as they are used for park purposes, they may be returned to the

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donor or grantors by the commission. All other such lands may be 1 2 either sold by the commission to the highest bidder or exchanged for other lands of equal value by the commission, and all conveyance 3 documents shall be executed by the governor. All such exchanges shall 4 5 be accompanied by a transfer fee, to be set by the commission and paid by the other party to the transfer; such fee shall be paid into the 6 7 parkland acquisition account established under RCW 79A.05.170. commission may accept sealed bids, electronic bids, or oral bids at 8 auction. Bids on all sales shall be solicited at least twenty days in 9 10 advance of the sale date by an advertisement appearing at least once a week for two consecutive weeks in a newspaper of general circulation in 11 12 the county in which the land to be sold is located. If the commission 13 feels that no bid received adequately reflects the fair value of the 14 land to be sold, it may reject all bids, and may call for new bids. All proceeds derived from the sale of such park property shall be paid 15 into the park land acquisition account. All land considered for 16 17 exchange shall be evaluated by the commission to determine its adaptability to park usage. The equal value of all lands exchanged 18 shall first be determined by the appraisals to the satisfaction of the 19 20 commission. No sale or exchange of state park lands shall be made 21 without the unanimous consent of the commission.

- 22 **Sec. 9.** RCW 36.34.137 and 1993 c 461 s 5 are each amended to read as follows:
  - (1) In selling, transferring, or otherwise disposing of surplus or underutilized real property, every county shall give priority to selling the property to a public or private entity dedicated to the development of affordable housing for very low-income, low-income, or moderate-income households, consistent with RCW 43.63A.510. A county may sell or exchange the property for less than fair market value if the affordable housing to be developed on the property is to be occupied exclusively by very low-income or low-income households as provided in RCW 43.63A.510.
  - (2) In accordance with RCW 43.63A.510, every county shall identify and catalog real property owned by the county that is no longer required for its purposes and is suitable for the development of affordable housing for very low-income, low-income, and moderate-income households as defined in RCW 43.63A.510. The inventory shall include

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- the location, approximate size, and current zoning classification of the property. Every county shall provide a copy of the inventory to the department of community, <u>trade</u>, <u>and economic</u> development by November 1, ((<del>1993</del>)) <u>2009</u>, with inventory revisions each November 1<u>st</u> thereafter.
- 6 ((\(\frac{(2)}{2}\))) (\(\frac{3}{2}\) By November 1st of each year, beginning in ((\(\frac{1994}{1994}\)))
  7 2010, every county shall purge the inventory of real property of sites
  8 that are no longer available for the development of affordable housing.
  9 The inventory revision shall include an updated listing of real
  10 property that has become available since the last update. As used in
  11 this section, "real property" means buildings, land, or buildings and
  12 land.
- **Sec. 10.** RCW 35.21.687 and 1995 c 399 s 37 are each amended to 14 read as follows:

- (1) In selling, transferring, or otherwise disposing of surplus or underutilized real property, every city and town, including every code city operating under Title 35A RCW, shall give priority to selling the property to a public or private entity dedicated to the development of affordable housing for very low-income, low-income, or moderate-income households, consistent with RCW 43.63A.510. A city, town, or code city may sell or exchange the property for less than fair market value if the affordable housing to be developed on the property is to be occupied exclusively by very low-income or low-income households as provided in RCW 43.63A.510.
- (2) In accordance with RCW 43.63A.510, every city and town, including every code city operating under Title 35A RCW, shall identify and catalog real property owned by the city or town that is no longer required for its purposes and is suitable for the development of affordable housing for very low-income, low-income, and moderate-income households as defined in RCW 43.63A.510. The inventory shall include the location, approximate size, and current zoning classification of the property. Every city and town shall provide a copy of the inventory to the department of community, trade, and economic development by November 1, ((1993)) 2009, with inventory revisions each November 1st thereafter.
- $((\frac{(2)}{2}))$  3 By November 1st of each year, beginning in  $((\frac{1994}{2}))$  37 2010, every city and town, including every code city operating under

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- 1 Title 35A RCW, shall purge the inventory of real property of sites that
- 2 are no longer available for the development of affordable housing. The
- 3 inventory revision shall also contain a list of real property that has
- 4 become available since the last update. As used in this section, "real
- 5 property" means buildings, land, or buildings and land.

- **Sec. 11.** RCW 79.11.005 and 2003 c 334 s 201 are each amended to 7 read as follows:
  - (1) <u>Subject to RCW 43.63A.510</u>, the department is authorized to sell any real property not designated or acquired as state forest lands, but acquired by the state, either in the name of the forest board, the forestry board, or the division of forestry, for administrative sites, lien foreclosures, or other purposes whenever it shall determine that the lands are no longer or not necessary for public use.
  - (2) In selling, transferring, or otherwise disposing of surplus or underutilized real property, the department shall give priority to selling the property to a public or private entity dedicated to the development of affordable housing for very low-income, low-income, or moderate-income households, consistent with RCW 43.63A.510. The department may sell or exchange the property for less than fair market value if the affordable housing to be developed on the property is to be occupied exclusively by very low-income or low-income households as provided in RCW 43.63A.510.
  - (3) Except as otherwise provided under RCW 43.63A.510, the sale may be made after public notice to the highest bidder for such a price as approved by the governor, but not less than the fair market value of the real property, plus the value of improvements thereon. Any instruments necessary to convey title must be executed by the governor in a form approved by the attorney general.
  - ((+3))) (4) All amounts received from the sale must be credited to the fund of the department of government that is responsible for the acquisition and maintenance of the property sold.
- 32 (5) In accordance with RCW 43.63A.510, the department shall
  33 identify and catalog real property owned by the county that is no
  34 longer required for its purposes and is suitable for the development of
  35 affordable housing for very low-income, low-income, and moderate-income
  36 households as defined in RCW 43.63A.510. The inventory must include
  37 the location, approximate size, and current zoning classification of

- 1 the property. The department shall provide a copy of the inventory to
- 2 <u>the department of community, trade, and economic development by</u>
- 3 November 1, 2009, with inventory revisions each November 1st
- 4 thereafter.

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- 5 (6) By November 1st of each year, beginning in 2010, the department
- 6 shall purge the inventory of real property of sites that are no longer
- 7 <u>available for the development of affordable housing. The inventory</u>
- 8 revision must include an updated listing of real property that has
- 9 become available since the last update. As used in this section, "real
- 10 property" means buildings, land, or buildings and land.
- 11 **Sec. 12.** RCW 79.22.060 and 2003 c 334 s 221 are each amended to read as follows:
- (1) With the approval of the board <u>and subject to RCW 43.63A.510</u>, the department may directly transfer or dispose of state forest lands without public auction, if such lands consist of ten contiguous acres or less, or have a value of twenty-five thousand dollars or less. Such disposal may only occur in the following circumstances:
  - (a) Transfers in lieu of condemnation; and
- 19 (b) Transfers to resolve trespass and property ownership disputes.
- 20 (2) Except as otherwise provided under RCW 43.63A.510 and 79.11.005(2), real property to be transferred or disposed of under this section shall be transferred or disposed of only after appraisal and for at least fair market value, and only if such transaction is in the best interest of the state or affected trust.
  - (3) The proceeds from real property transferred or disposed of under this section shall be deposited into the park land trust revolving fund and be solely used to buy replacement land within the same county as the property transferred or disposed.
  - (4) In selling, transferring, or otherwise disposing of surplus or underutilized property, the department shall give priority to selling the property to a public or private entity dedicated to the development of affordable housing for very low-income, low-income, or moderate-income households, consistent with RCW 43.63A.510. The department may sell or exchange the property for less than fair market value if the affordable housing to be developed on the property is to be occupied exclusively by very low-income or low-income households as provided in RCW 43.63A.510.

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(5) In accordance with RCW 43.63A.510, the department shall identify and catalog real property that is no longer required for department purposes and is suitable for the development of affordable housing for very low-income, low-income, and moderate-income households as defined in RCW 43.63A.510. The inventory must include the location, approximate size, and current zoning classification of the property. The department shall provide a copy of the inventory to the department of community, trade, and economic development by November 1, 2009, and every November 1st thereafter.

(6) By November 1st of each year, beginning in 2010, the department shall purge the inventory of real property of sites that are no longer available for the development of affordable housing. The department shall include an updated listing of real property that has become available since the last update. As used in this section, "real property" means buildings, land, or buildings and land.

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