

---

**Community Development, Housing &  
Tribal Affairs Committee**

---

**HB 1079**

**Brief Description:** Regarding economic revitalization in urban growth areas.

**Sponsors:** Representatives Appleton and Freeman.

**Brief Summary of Bill**

- Authorizes the Community Economic Revitalization Board to make loans to municipalities to finance public facilities improvements that encourage the revitalization of abandoned and vacant properties in urban growth areas.

**Hearing Date:** 1/23/13

**Staff:** Meg Van Schoorl (786-7105).

**Background:**

Community Economic Revitalization Board Program

The Community Economic Revitalization Board (CERB) program provides loans and grants for the construction, repair, and acquisition of public facilities that encourage new business development and expansion in areas seeking economic growth. Eligible public facility projects include domestic and industrial water, buildings and structures, industrial wastewater treatment and storm water facilities, telecommunications, electricity, natural gas, and transportation.

The CERB is governed by a 20 member Board that includes representatives of local governments, tribes, the private sector, the Legislature, and state agencies. The CERB conducts regularly scheduled competitive funding rounds for projects proposed by eligible jurisdictions, which include counties, cities and towns, port districts, special purpose districts, innovation partnership zones, municipal and quasi-municipal corporations, and federally-recognized Indian tribes.

---

*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.*

The Traditional CERB program offers three financing programs: Committed Private Partner Construction, which requires evidence that a private development or expansion is ready to occur, contingent on approval of CERB funds; Prospective Development Construction, which requires evidence that a private development or expansion is likely to occur as a result of the public improvements; and Planning studies, which evaluate high-priority economic development projects. Funding for CERB projects is appropriated in the Capital Budget primarily from the Public Facilities Construction Loan Revolving Account. The CERB is required to make at least 75 percent of the first \$20 million of funds available and at least 50 percent of additional funds available to financial assistance for projects in rural counties.

### Urban Growth Areas

The Growth Management Act (GMA) is the comprehensive land use planning framework for counties and cities in Washington. Counties that fully plan under the Growth Management Act must designate urban growth areas, areas within which urban growth must be encouraged and outside of which growth can occur only if it is not urban in nature. These fully planning counties and each city within must include in their urban growth areas, areas and densities that are sufficient to permit the urban growth projected to occur in the county or city for the succeeding 20-year period.

### **Summary of Bill:**

#### Revitalization Program Created

A Revitalization program is established as a separate program under the CERB. Its objective is to encourage the revitalization of abandoned and vacant properties so that the number and type of businesses, services and employment opportunities within a community will be maximized.

#### Revitalization Loans Authorized

Under the Revitalization program, CERB is authorized to make interest-free loans to municipalities to finance the cost of improving public facilities. Municipalities include cities, counties, towns and port districts. The maximum amount that CERB may award to a specific project, in a single loan or a combination of loans, is \$2 million. The CERB may not require the municipality to pay interest on the loan. The maximum loan term is 10 years, but the borrower must begin repaying the loan five years after receiving it. Loan repayments must be deposited into the Public Facilities Construction Loan Revolving Account (Revolving Account) and accounted for separately. Loans made under the Revitalization program are exempt from the general CERB loan terms and from the requirement that the majority of CERB funding be approved for projects in rural counties. The amount of outstanding loans for Revitalization projects may not exceed moneys available in the Revolving Account.

#### Eligible and Ineligible Revitalization Projects

The CERB may only provide financial assistance for a project that will improve the opportunity in an urban growth area to revitalize existing retail, industrial or commercial properties that are either abandoned or whose square footage is more than 75 percent vacant. General system improvements can be funded at a minimal level if critical to the project. The project must demonstrate that a specific private development or expansion is ready to occur and will only occur if the public facility improvement is made. In addition, the project must be part of an economic development plan consistent with applicable state planning requirements and must demonstrate economic feasibility. The project application must demonstrate local match and

local participation that meets CERB guidelines, and must be approved by the municipality and supported by the Associate Development Organization or Workforce Development Council. The CERB may not provide financial assistance for a project that results in displacement of existing jobs in another Washington community, that primarily facilitates or promotes gambling, or is located outside the municipality's jurisdiction.

#### Delinquencies

If a city, county, or town is delinquent in repaying a Revitalization project loan, the State Treasurer must transfer moneys otherwise available to the city, county or town from the Local Sales and Use Tax Account to the Revolving Account. If a port district is delinquent in repaying a Revitalization project loan, the county treasurer must transfer moneys otherwise available to the port from levy revenues to the Revolving Account. These transfer amounts must be sufficient to make equal monthly principal payments over the remaining loan term. Diversion of revenues is only in effect if the municipalities are delinquent and terminate once the loan has been paid in full.

#### Appropriations

The biennial amount appropriated for the Revitalization program may not exceed \$10 million, excluding repayments.

**Appropriation:** None.

**Fiscal Note:** Requested on January 18, 2013.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.