

# HOUSE BILL REPORT

## EHB 1471

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**As Passed House:**

March 1, 2021

**Title:** An act relating to community preservation and development authorities.

**Brief Description:** Concerning community preservation and development authorities.

**Sponsors:** Representatives Santos, Harris-Talley and Lekanoff.

**Brief History:**

**Committee Activity:**

Community & Economic Development: 2/9/21, 2/12/21 [DP].

**Floor Activity:**

Passed House: 3/1/21, 96-1.

**Brief Summary of Engrossed Bill**

- Specifies that a Community Preservation and Development Authority (CPDA) is a public body corporate and politic and instrumentality of the State of Washington.
- Lengthens the terms of the members of the boards of directors for CPDAs.

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**HOUSE COMMITTEE ON COMMUNITY & ECONOMIC DEVELOPMENT**

**Majority Report:** Do pass. Signed by 12 members: Representatives Ryu, Chair; Paul, Vice Chair; Boehnke, Ranking Minority Member; Chase, Assistant Ranking Minority Member; Corry, Frame, Jacobsen, Johnson, J., Lovick, Rule, Sutherland and Taylor.

**Minority Report:** Do not pass. Signed by 1 member: Representative Kraft.

**Staff:** Cassie Jones (786-7303).

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.*

## **Background:**

Community Preservation and Development Authorities (CPDAs) are entities formed to restore or enhance the health, safety, and economic wellbeing of communities adversely impacted by the construction of, or ongoing operation of, multiple major public facilities, public works, and capital projects with significant public funding or other land use decisions.

A CPDA must have one or more of the following purposes:

- to revitalize, enhance, and preserve the unique character of impacted communities;
- to mitigate the adverse effects of multiple major public facilities projects, public works projects, or capital projects with significant public funding, a secure community transition facility, or other land use decisions;
- to restore a local area's sense of community;
- to reduce the displacement of community members and businesses;
- to stimulate the community's economic vitality;
- to enhance public service provisions;
- to improve the standard of living of community members; or
- to preserve historic buildings or areas by returning them to economically productive uses that are compatible with or enhance their historic character.

Among its other duties, a CPDA has a duty to develop a strategic preservation and development plan to restore and promote the health, safety, and economic wellbeing of the impacted community and to restore and preserve its cultural and historical identity. The CPDA must establish funding mechanisms to support projects and programs identified and supported in the strategic plan such as grants and loans.

The CPDA must be managed by a board of directors consisting of members who: (1) own businesses or reside in the community; (2) are involved in arts and entertainment in the community; (3) have knowledge of the community's culture and history; (4) are involved in a nonprofit or public planning organization directly serving the community; and (5) are representatives of local legislative authorities and serve as ex officio members.

No board member may hold office for more than four years. The terms for the board of director positions must be staggered as follows:

- 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;
- board members initially elected to positions six through 13 shall serve a three-year term only; and
- board members elected to positions six through 13 after the initial three-year term shall serve two-year terms, and if reelected, may serve no more than one additional two-year term.

The formation of a CPDA must be authorized by statute. There are currently two CPDAs

that have been authorized: Pioneer Square-International District CPDA and Central District CPDA.

**Summary of Engrossed Bill:**

A CPDA is a public body corporate and politic and instrumentality of the State of Washington.

The terms of the members of the boards of directors for CPDAs are modified as follows:

- the maximum length of time a board member may serve is increased from four years to six years;
- board members elected to positions one through five shall serve three-year terms instead of two-year terms, and if reelected, may serve no more than one additional three-year term instead of a two-year term;
- board members initially elected to positions six through 13 shall serve a two-year term instead of a three-year term and may serve no more than one additional three-year term; and
- board members elected to positions six through 13 after the initially elected members shall serve three-year terms instead of two-year terms, and if reelected, may serve no more than one additional three-year term instead of a two-year term.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Staff Summary of Public Testimony:**

(In support) This bill is technical, and it is a clean-up bill. There has been a request by the first CPDA, Historic South Downtown (HSD), which was established in 2007. The HSD has developed best practices for operating a CPDA. It has determined that the length of board of director terms should be extended. Board members find that their knowledge and ability to contribute becomes developed just as their terms expire. This bill extends those terms. Other issues relating to the status of CPDAs exist but relate to the fiscal committees.

The HSD was created in 2007 to mitigate the negative impacts of large-scale publicly funded facilities on Pioneer Square and Chinatown neighborhoods. Many people and businesses have been displaced by these projects. The neighborhoods bear the impacts of these projects while the benefits are enjoyed by those from outside the neighborhoods. The HSD has made a large difference in the community it serves. The HSD has always operated as a state entity and followed state agency rules. This bill addresses one needed change to the CPDA organizing legislation by lengthening the terms of board members. The HSD

also needs clear status as a state agency so it can take advantage of state resources and tax exemptions. Taxing CPDA revenue would not add revenue to the state and would undercut the work of CPDAs. Community Preservation and Development Authorities want to continue assisting community during the COVID-19 pandemic.

The purpose of the Central District CPDA is to provide African Americans and other ethnic minorities' families and businesses the ability to continue to live and grow with dignity in the Central District. This purpose includes providing access to quality education, career opportunities, living wage jobs, and affordable housing. The Central District CPDA was created in 2019 to mitigate adverse effects of major public works and capital projects. Its mission is to drive economic empowerment of African American and underserved communities by providing a premier educational institution in the Seattle Vocational Institute. The lengthening of the board terms will add to sustainability and the ability to carry forward institutional knowledge. The Central District CPDA has an asset valued between \$26 million and \$50 million. This is a significant potential tax liability which will be paid with taxpayer money.

(Opposed) None.

**Persons Testifying:** Representative Santos, prime sponsor; Kathleen Johnson, Historic South Downtown; Maria Batayola, Pinoy Words Expressed Kultura Arts; Jamie Lee, Seattle Chinatown International District Preservation and Development Authority; Rayburn Lewis, James King, and Carver Gayton, Central District Community Preservation and Development Authority; and Gary Johnson.

**Persons Signed In To Testify But Not Testifying:** None.