

# SENATE BILL REPORT

## 2SHB 1173

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As Reported by Senate Committee On:  
Business, Financial Services & Trade, March 18, 2021

**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: 2/25/21, 77-21.

**Committee Activity:** Business, Financial Services & Trade: 3/16/21, 3/18/21 [DP-WM, w/oRec].

### 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.

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### SENATE COMMITTEE ON BUSINESS, FINANCIAL SERVICES & TRADE

**Majority Report:** Do pass and be referred to Committee on Ways & Means.  
Signed by Senators Mullet, Chair; Hasegawa, Vice Chair; Frockt and Hobbs.

**Minority Report:** That it be referred without recommendation.  
Signed by Senators Dozier, Ranking Member; Brown and Wilson, L.

**Staff:** Kellee Gunn (786-7429)

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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:** 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 a 25-acre parcel of land the Washington Army National Guard (Guard) Armory facility currently occupied in the City of Seattle. The Guard determined the land is no longer suitable for its operations and plans to not renew its lease in 2023. The Committee sought recommendations with the highest public benefit, rather than a return on investment. The recommendations were published in a report in November 2019.

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. This bill provides an option for local governments, state representatives, and others to create a State Lands Development Authority (Authority). An Authority may only be 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 current state law allowing for forming a CDPA.

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 other delegation, if seeking the development of another Authority, 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 shall also be 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 Article VIII of 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 as may be 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:** PRO: The 36th district has a proud industrial history. The National Guard is currently planning a move to North Bend, and once it does so there will be a 25-acre piece of land in the Ballard-Interbay neighborhood, which is a prime Seattle location. This bill facilitates the development of these acres, by creating an Authority that will manage the development of this land.

OTHER: We have been very involved in the development of the Armory property and have consistently raised the point to how critical the industrial centers in Seattle are. The Ballard-Interbay property is in the center of the city's industrial area. We do not want land to be removed that could otherwise be available to industrial activity. Workforce housing has been discussed, and we are open to that. However, we do not believe this site is appropriate to housing. The mayor of Seattle will soon make recommendations to the City Council on the zoning for this area.

**Persons Testifying:** PRO: Representative Liz Berry, Prime Sponsor.

OTHER: Eric Ffitch, Port of Seattle.

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