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**SECOND SUBSTITUTE HOUSE BILL 1173**

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**State of Washington**

**67th Legislature**

**2021 Regular Session**

**By** House Capital Budget (originally sponsored by Representatives Berry, Frame, Dolan, and Lekanoff)

READ FIRST TIME 02/22/21.

1 AN ACT Relating to state lands development authorities; and  
2 adding a new chapter to Title 43 RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** (1) State lands development authorities  
5 are hereby authorized to oversee and manage the development or  
6 redevelopment of state-owned property that is within or adjacent to  
7 manufacturing industrial centers. Any property owned or managed by  
8 the department of natural resources is exempt from the provisions of  
9 this chapter.

10 (2) The legislative delegation from a district containing state-  
11 owned land that is included within, or is adjacent to, a  
12 manufacturing industrial center may propose the formation of a state  
13 lands development authority. The proposal must be presented in  
14 writing to the relevant legislative committees in both the house of  
15 representatives and the senate. The proposal must contain:

16 (a) The proposed general geographic boundaries of the state lands  
17 development authority; and

18 (b) Legislative findings relating to formation of the state lands  
19 development authority which find that:

20 (i) The state owns property within the boundaries of the proposed  
21 state lands development authority;

1 (ii) The state-owned land is located within or adjacent to a  
2 manufacturing industrial center;

3 (iii) The state agency with custodial responsibility for the  
4 property has completed an assessment regarding the current use,  
5 future use, and a projected date or conditions when the land is  
6 vacant, excess, or surplus to the mission of the state agency;

7 (iv) The legislature intends that the state lands development  
8 authority be appropriately funded and staffed; and

9 (v) The formation of a state lands development authority to  
10 oversee and manage the development or redevelopment of the state-  
11 owned land will be useful and beneficial to the community within and  
12 adjacent to the boundaries of the state lands development authority.

13 (3) Formation of a state lands development authority is subject  
14 to legislative authorization by statute.

15 (4) A state lands development authority may only be formed in a  
16 county with a population of 2,000,000 or greater.

17 NEW SECTION. **Sec. 2.** (1) The affairs of a state lands  
18 development authority shall be managed by a board of directors.

19 (2) The initial board of directors of a state lands development  
20 authority must be appointed by the governor upon recommendation from  
21 the state legislative delegation from the district in which the  
22 boundaries of the state lands development authority are contained.

23 (3) The number of persons on the board of directors must be  
24 included in the proposal to establish a state lands development  
25 authority under section 1 of this act.

26 (4) Members of the board of directors must include:

27 (a) At least one member representing each of the following:

28 (i) The governing body of each city included in the boundaries of  
29 the state lands development authority;

30 (ii) The mayor's office of each city included in the boundaries  
31 of the state lands development authority;

32 (iii) The governing body of each county included in the  
33 boundaries of the state lands development authority; and

34 (iv) The governing body of each port district included in the  
35 boundaries of the state lands development authority;

36 (b) Additional members if required by the proposal to establish a  
37 state lands development authority under section 1 of this act; and

1 (c) Ex officio, nonvoting members if required by the proposal to  
2 establish a state lands development authority under section 1 of this  
3 act.

4 NEW SECTION. **Sec. 3.** (1) State lands development authorities  
5 have the power to:

6 (a) Accept gifts, grants, loans, or other aid from public and  
7 private entities;

8 (b) Employ and appoint such agents, attorneys, officers, and  
9 employees as may be necessary to implement its purposes and duties;

10 (c) Contract and enter into partnerships with individuals,  
11 associations, corporations, and local, state, and federal  
12 governments;

13 (d) Buy, own, and lease real and personal property;

14 (e) Sell real and personal property, subject to any rules and  
15 restrictions contained in the proposal to establish a state lands  
16 development authority under section 1 of this act;

17 (f) Hold in trust, improve, and develop land;

18 (g) Invest, deposit, and reinvest its funds;

19 (h) Incur debt in furtherance of its mission: Provided, however,  
20 that state lands development authorities are expressly prohibited  
21 from incurring debt on behalf of the state of Washington as defined  
22 in Article VIII, section 1 of the state Constitution. A state lands  
23 development authority obligation to repay borrowed money does not  
24 constitute an obligation, either general, special, or moral, of the  
25 state of Washington. State lands development authorities are  
26 expressly prohibited from using, either directly or indirectly,  
27 "general state revenues" as defined in Article VIII, section 1 of the  
28 state Constitution to satisfy any state lands development authority  
29 obligation to repay borrowed money;

30 (i) Lend or grant its funds for any lawful purposes. For purposes  
31 of this section, "lawful purposes" includes without limitation, any  
32 use of funds, including loans thereof to public or private parties,  
33 authorized by agreements with the United States or any department or  
34 agency thereof under which federal or private funds are obtained, or  
35 authorized under federal laws and regulations pertinent to such  
36 agreements; and

37 (j) Exercise such additional powers as may be authorized by law.

38 (2) A state lands development authority that accepts public funds  
39 under subsection (1) (a) of this section:

- 1 (a) Is subject in all respects to Article VIII, section 5 or 7,  
2 as appropriate, of the state Constitution, and RCW 42.17A.550; and  
3 (b) May not use such funds to support or oppose a candidate,  
4 ballot proposition, political party, or political committee.  
5 (3) State lands development authorities do not have any authority  
6 to levy taxes or assessments.

7 NEW SECTION. **Sec. 4.** A state lands development authority has  
8 the duty to:

- 9 (1) Adopt bylaws for the authority that will govern how the  
10 authority will generally conduct its affairs;  
11 (2) Establish specific geographic boundaries for the authority  
12 with its bylaws based on the general geographic boundaries  
13 established in the proposal approved by the legislature;  
14 (3) Assume responsibility for the development or redevelopment of  
15 the state-owned property within the boundaries of the authority;  
16 (4) Create a strategic plan for the development or redevelopment  
17 of the state-owned property that includes, but is not limited to, the  
18 following elements:  
19 (a) An examination of the existing uses of the property and an  
20 assessment of whether such should change in the future in order for  
21 the use of the property to achieve maximum public benefit;  
22 (b) An examination of options for development or redevelopment  
23 that include industrial uses only, mixed-use commercial and  
24 residential development, and mixed-use light industrial and  
25 residential development, as well as the incorporation of community-  
26 oriented facilities, and an evaluation of which options would achieve  
27 maximum public benefit;  
28 (c) A plan for extensive public engagement throughout the  
29 development or redevelopment process, which must include a regular  
30 schedule of public meetings and opportunities for public comment; and  
31 (d) A financial plan for the authority that identifies funding  
32 sources necessary to carry out the authority's strategic plan;  
33 (5) Use gifts, grants, loans, and other aid from public or  
34 private entities to further the development and redevelopment  
35 projects identified in the authority's strategic plan; and  
36 (6) Submit a written report to the relevant committees of the  
37 legislature by December 1st of each even-numbered year that  
38 summarizes the authority's strategic plan and details the progress of

1 the authority in meeting its strategic goals related to development  
2 and redevelopment, public engagement, and financial planning.

3 NEW SECTION. **Sec. 5.** The state lands development authority  
4 account is created in the state treasury for use if the legislature  
5 provides state funds for authority purposes. The account is composed  
6 of two subaccounts, one for moneys to be appropriated for operating  
7 purposes and the other for moneys to be appropriated for capital  
8 purposes. Moneys in the account may be spent only after  
9 appropriation. Expenditures from the account may be used only for  
10 projects under this chapter.

11 NEW SECTION. **Sec. 6.** (1) The legislature finds:

12 (a) The state of Washington owns a property of approximately 25  
13 acres in size located at 1601 West Armory Way within Seattle's  
14 Ballard-Interbay northend manufacturing industrial center and  
15 Interbay neighborhood, known as the Interbay property. The Interbay  
16 property was transferred to the state of Washington in 1971 with deed  
17 limitations which limit use of the property for national guard  
18 purposes only. The national guard currently uses the Interbay  
19 property for the Seattle readiness center, built in 1974. The  
20 national guard has determined that it must relocate from the Interbay  
21 property to another site, and an assessment has been completed  
22 pursuant to section 1(2)(b) of this act. Once the national guard  
23 facilities are funded and constructed and the national guard is  
24 relocated in a new, fully operational readiness center, and the  
25 department of defense has released its use restrictions on the  
26 property, the Interbay property will be available for redevelopment.

27 (b) The formation of a state lands development authority to  
28 oversee and manage the redevelopment of the Interbay property will be  
29 useful and beneficial to the community within and adjacent to the  
30 Interbay neighborhood in the city of Seattle. The legislature intends  
31 that the authority be appropriately funded and staffed.

32 (2) The legislature authorizes the establishment of the Ballard-  
33 Interbay state lands development authority, which boundaries are  
34 coextensive with the boundaries of the Interbay property.

35 (3) The Ballard-Interbay state lands development authority may  
36 exercise its authority in furtherance of projects that are located  
37 only within the boundaries of the Interbay property.

1 (4) The Ballard-Interbay state lands development authority does  
2 not have site control or access until after the national guard  
3 relocation and may not sell the Interbay property or portions of the  
4 Interbay property to another entity.

5 (5) The affairs of the Ballard-Interbay state lands development  
6 authority shall be managed by a board of directors, consisting of the  
7 following members:

8 (a) One member with experience developing workforce or affordable  
9 housing;

10 (b) One member with knowledge of project financing options for  
11 public-private partnerships related to housing;

12 (c) Two members with architectural design and development  
13 experience related to industrial and mixed-use zoning;

14 (d) One member representing the port of Seattle;

15 (e) One member representing the governor's office;

16 (f) One member representing the King county council;

17 (g) One member representing the city of Seattle mayor's office;

18 (h) One member representing the Seattle city council; and

19 (i) Two members of the thirty-sixth legislative district  
20 delegation.

21 (6) No member of the board of directors may hold office for more  
22 than four years. Board positions must be numbered one through 11 and  
23 the terms staggered as follows:

24 (a) Board members appointed to positions one through five shall  
25 serve two-year terms, and if reappointed, may serve no more than one  
26 additional two-year term.

27 (b) Board members initially appointed to positions six through 11  
28 shall serve a three-year term only.

29 (c) Board members appointed to positions six through 11 after the  
30 initial three-year term shall serve two-year terms, and if  
31 reappointed, may serve no more than one additional two-year term.

32 (7) The initial board of directors of the Ballard-Interbay state  
33 lands development authority must be appointed by the governor upon  
34 recommendation from the legislative delegation from the district in  
35 which the boundaries of the authority are contained, as required by  
36 section 2(2) of this act. With respect to the appointment of  
37 subsequent boards of directors, the existing board members must  
38 develop a list of candidates for each position and deliver the  
39 recommendations to the members of the legislative delegation for the  
40 district in which the authority is located. The legislative

1 delegation must present the list of candidates for recommendation to  
2 the governor for appointment to the board of directors. In developing  
3 the list of candidates, the board of directors must consider racial,  
4 gender, and geographic diversity so that the board may reflect the  
5 diversity of the community.

6 (8) For purposes of this section, "Interbay property" means a  
7 state-owned property with deed limitations indicating it may be used  
8 for national guard purposes only located at 1601 West Armory Way,  
9 consisting of approximately 25 acres of land within Seattle's  
10 Ballard-Interbay northend manufacturing industrial center and  
11 Interbay neighborhood.

12 NEW SECTION. **Sec. 7.** Sections 1 through 6 of this act  
13 constitute a new chapter in Title 43 RCW.

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