S-0394.1

## SENATE BILL 5460

## State of Washington 56th Legislature 1999 Regular Session

**By** Senators Rasmussen, Winsley, B. Sheldon, Kline, Wojahn, Prentice, Franklin, Goings, Eide, Jacobsen, Fraser, Deccio, Horn and Kohl-Welles

Read first time 01/22/1999. Referred to Committee on Commerce, Trade, Housing & Financial Institutions.

AN ACT Relating to community revitalization; amending RCW 82.14.050 and 35.80.030; adding a new section to chapter 35.80 RCW; and adding a new chapter to Title 82 RCW.

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

5 <u>NEW SECTION.</u> Sec. 1. The legislature finds that:

6 (1) In many areas of the state, deteriorating buildings, vacant 7 buildings that cannot be legally occupied, and vacant brownfield infill 8 sites pose significant health and safety problems to tenants and 9 pedestrians, and constitute a significant blight and detrimental impact 10 on the health, safety, and welfare of the community;

(2) Many of these buildings were constructed before 1961 when laws were enacted that require buildings to be designed and constructed to resist seismic loads;

(3) Many of these buildings do not meet the requirements of the
federal Americans with disabilities act and laws governing the removal
of environmental hazards;

17 (4) Adaptive reuse of these blighted lands and buildings often 18 requires a significant investment to correct necessary life-safety 19 problems;

(5) It is in the best interest of the state of Washington to stop 1 2 the decay of community areas and to promote and facilitate the orderly redevelopment of these areas; and 3

4 (6) Existing laws need to be amended to authorize additional 5 remedies that municipalities may use in achieving the public purposes to be accomplished. 6

<u>NEW SECTION.</u> Sec. 2. It is the purpose of this chapter to provide 7 for the allocation of a portion of excise taxes for a limited time to 8 9 assist local governments in the financing of needed health and safety improvements, public improvements, and other public investments, to 10 encourage private development. It is the further purpose of this 11 chapter to strengthen existing law to remedy problems arising from 12 substandard and deteriorating buildings. 13

14 NEW SECTION. **Sec. 3.** The definitions in this section apply throughout this chapter unless the context clearly requires otherwise. 15

(1) "Apportionment district" means the geographic area, within a 16 17 city or town, from which excise taxes are to be appropriated to finance 18 a community revitalization project.

(2) "Excise taxes" means: 19

(b) Use tax levied under chapter 82.12 RCW; 21

22 (c) Local retail sales and use taxes levied under RCW 82.14.030; 23 and

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(d) Business and occupation tax levied under chapter 82.04 RCW.

25 (3) "Local government" means any city or town.

(4) "Ordinance" means any appropriate method of taking legislative 26 action by a local government. 27

28 (5) "Project agreement" means an agreement between an owner and a 29 municipality authorized under this chapter.

(6) "Sponsor" means a local government initiating and undertaking 30 31 a community revitalization project.

32 (7) "Tax allocation revenues" means those tax revenues allocated to 33 a sponsor under this chapter.

(8) "Taxing district" means a governmental entity that levies an 34 35 excise tax that is collected within a proposed or approved apportionment district. 36

37 (9) "Community revitalization project" means: (a) Health and safety improvements authorized to be publicly
 financed under chapter 35.80 or 35.81 RCW;

3 (b) Publicly owned or leased facilities within the jurisdiction of
4 a local government which the sponsor has authority to provide; and
5 (c) Expenditure for any of the following purposes:

6 (i) Providing environmental analysis, professional management, 7 planning, and promotion within the apportionment district, including 8 the management and promotion of retail trade activities in the 9 apportionment district;

(ii) Providing maintenance and security for common or public areasin the apportionment district; or

12 (iii) Historic preservation activities authorized under RCW13 35.21.395.

(10) "Community revitalization project costs" means: The costs of 14 15 land use planning and associated environmental analysis, project design 16 acquisition, site preparation, and planning, construction, 17 rehabilitation, reconstruction, improvement, operation, and installation of the community revitalization project; the costs of 18 19 relocation, maintenance, and operation of property pending construction 20 of the community revitalization project; the costs of financing, including interest during construction, legal and other professional 21 services, taxes, and insurance; the costs of apportioning the taxes and 22 23 complying with this chapter and other applicable law; and the 24 administrative costs reasonably necessary and related to these costs. 25 (11) "Community revitalization project ordinance" means the 26 ordinance passed under section 6 of this act.

27 <u>NEW SECTION.</u> **Sec. 4.** Apportionment of excise tax revenues to 28 finance a community revitalization project is subject to the following 29 limitations:

(1) For each community revitalization project, the total revenue apportioned under this chapter shall not exceed five million dollars annually. All revenue in excess of five million dollars in any given year shall be distributed to the appropriate taxing district as though an apportionment district had not been created;

(2) Regardless of the number of community revitalization projects approved by local governments, the aggregate total of revenue available from the state for apportionment is annually limited to two-tenths of one percent of the state general fund annual budget;

1 (3) An apportionment district may not be established that includes 2 a geographic area included within a previously established 3 apportionment district that has outstanding bonds payable in whole or 4 in part from tax allocation revenues; and

5 (4) Taxes other than excise taxes may not be apportioned under this6 chapter.

7 <u>NEW SECTION.</u> **Sec. 5.** A community revitalization project may be 8 undertaken and coordinated with other programs or efforts undertaken by 9 the sponsor or others and may be funded in whole or in part from 10 sources other than those provided by this chapter.

11 <u>NEW SECTION.</u> Sec. 6. In order to establish an apportionment 12 district and secure an allocation of excise taxes to finance a 13 community revitalization project:

(1) A sponsor shall propose by ordinance a plan for the community revitalization project that includes a description of the contemplated community revitalization project, the estimated cost of the community revitalization project, the boundaries of the apportionment district, the estimated period during which tax revenue apportionment is contemplated, and ways in which the sponsor plans to use tax allocation revenues to finance the community revitalization project.

21 (2)(a) At least sixty days in advance of a public hearing at which 22 the ordinance creating the apportionment district is first considered, 23 the local government shall deliver notice of the hearing and the 24 information required in subsection (1) of this section to the department of community, trade, and economic development and the 25 department of revenue. The department of revenue shall review the 26 27 information and determine whether there is sufficient revenue under the 28 revenue apportionment cap in section 4 of this act to accommodate the proposed community revitalization project. 29

(b) The department of community, trade, and economic development 30 31 shall review the proposed community revitalization project and evaluate 32 the project using the following criteria: (i) The community 33 revitalization project must be consistent with the local comprehensive plan; (ii) the community revitalization project will result in reuse of 34 35 existing unused or underutilized buildings; (iii) the community revitalization project will eliminate blight or reduce public safety 36 37 expenditures within the apportionment district; (iv) the community

1 revitalization project must be reasonably expected to cause private 2 investment within the district that probably would not have occurred 3 without formation of the apportionment district; (v) the community 4 revitalization project will result in a net increase in employment 5 within the apportionment district; and (vi) the revenue apportioned is 6 likely to be sufficient to finance the portion of the public 7 expenditures proposed to be paid from the sources.

8 (c) In addition to the criteria in (b) of this subsection, if a 9 local government applies for a subsequent apportionment district 10 following the creation of a first district within its corporate limits, 11 the department of community, trade, and economic development shall 12 determine, if a previously approved apportionment district still exists 13 within the corporate limits of the sponsor, whether the revenue apportioned in the district equaled or exceeded the revenue projected 14 15 to be apportioned.

16 (3) The evaluation of the department of community, trade, and 17 economic development of a proposed project must demonstrate that it is 18 more likely than not that at least five of the six criteria in 19 subsection (2) of this section are met. A project in a jurisdiction 20 where an apportionment district still exists must satisfy six of the 21 criteria in subsection (2) of this section.

(4) The department of revenue and the department of community, trade, and economic development shall notify the sponsoring local government, and either the county legislative authority or, in a charter county, the county executive, of the results of the evaluation of the project at least fifteen days in advance of the public hearing required in subsection (1) of this section.

(5) If there are more projects proposed than apportioned revenue is available in a given year under the limit in section 4 of this act, the department of community, trade, and economic development shall establish rules to determine how the available revenue will be allocated among qualified projects.

33 (6) At the time and place fixed for the hearing under subsection 34 (2) of this section, and at such times the hearing may be adjourned, a 35 sponsor shall receive and consider all statements and materials as 36 might be submitted, and objections and letters filed before and within 37 ten days after the hearing. Any time during the process leading to the 38 establishment of the apportionment district, the county legislative 39 authority may notify the sponsor that it does not wish to participate

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1 in the district, and upon such notification all taxes due the county 2 from the apportionment district shall remain the county's and may not 3 be used for the community revitalization project without separate 4 county approval.

(7) Within one hundred twenty days after completion of the public 5 sponsor shall pass an ordinance establishing 6 hearing, а the 7 district and authorizing the proposed community apportionment 8 revitalization project, including any modifications that in the 9 sponsor's opinion the hearing indicated should be made, that includes the boundaries of the apportionment, a description of the community 10 revitalization project, the estimated cost of the 11 community revitalization project, the portion of the estimated cost of the 12 13 community revitalization project to be paid from tax allocation revenues, the estimated time during which the excise taxes are to be 14 15 apportioned, the date when the apportionment of excise taxes is to 16 commence, and a finding that the community revitalization project meets 17 the conditions in section 4 of this act and this section.

NEW SECTION. Sec. 7. (1) Except as provided in subsection (5) of this section, upon the date established in the community revitalization project ordinance, but not sooner than the first day of the calendar year following the passage of the ordinance, the department shall allocate and pay to the sponsor, or the sponsor's designated agent, until all community revitalization project costs to be paid from the tax allocation revenues have been paid, the following amounts:

(a) That portion of the tax levied in each year under chapter 82.08 or 82.12 RCW upon any retail sale or any use of an article of tangible personal property within an apportionment district that is in excess of the tax imposed under chapter 82.08 or 82.12 RCW on sales or uses within the apportionment district in the year preceding the formation of the apportionment district;

(b) That portion of the tax levied in each year under RCW 82.14.030 31 upon any retail sale or any use of an article of tangible personal 32 33 property within an apportionment district that is in excess of the tax 34 imposed under RCW 82.14.030 on sales or uses within the apportionment district in the year preceding the formation of the apportionment 35 36 district, less any amounts that the department is entitled to retain as provided in RCW 82.14.050 for administration and collection expenses 37 38 incurred by the department;

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(c) That portion of the tax levied in each year under chapter 82.04 1 2 RCW upon business activities conducted within an apportionment district that is in excess of the tax collected under chapter 82.04 RCW on 3 4 business activities within the apportionment district in the year preceding the formation of the apportionment district. Except that if 5 it is impractical for the department to allocate business and 6 7 occupation taxes based on the location of the business activities from 8 which those taxes are derived, then the department in its sole 9 discretion may allocate and pay to the sponsor an amount equal to 10 thirty-five percent of taxes imposed under chapters 82.08 and 82.12 RCW that are distributed to the sponsor under (a) of this subsection. 11

(2) The date upon which the apportionment district was established
is considered the date that the community revitalization project
ordinance was enacted by the sponsor.

15 (3) The apportionment of excise taxes under this section must cease 16 when the tax allocation revenues are no longer necessary or obligated 17 to pay community revitalization project costs or to pay principal and interest on bonds issued to finance community revitalization project 18 19 costs to which tax allocation revenues are pledged. At the time of termination of the apportionment, any excess money and any earnings 20 held by the sponsor must be distributed to the taxing districts that 21 were subject to the allocation in proportion to their excise tax 22 receipts due for the year in which the funds are returned. 23

(4) The amount of excise taxes determined to be collected in the year preceding the formation of the apportionment district shall be adjusted upward or downward to reflect increases or decreases in the rate of taxation to determine the amount of excess taxes to be apportioned in accordance with subsection (1)(b) of this section.

(5) The sponsor may agree to receive less than the full amount provided in subsection (1) of this section, in which case the department shall distribute the balance to the respective taxing districts in accordance with law in the same manner as if this section did not exist.

34 <u>NEW SECTION.</u> Sec. 8. (1) Tax allocation revenues may be applied 35 as follows:

36 (a) To pay community revitalization costs;

37 (b) To pay into bond redemption funds established to pay the38 principal and interest on general obligation or revenue bonds issued to

1 finance a community revitalization project that is specified in the 2 community revitalization project ordinance and constructed following 3 the establishment of the apportionment district; or

4 (c) To pay any combination of (a) and (b) of this subsection.

5 (2) Tax allocation revenues may be pledged to the payment of bonds6 issued to finance a community revitalization project.

7 <u>NEW SECTION.</u> Sec. 9. This chapter supplements and neither 8 restricts nor limits any powers that the state or any municipal 9 corporation might otherwise have under laws of this state.

10 <u>NEW SECTION.</u> **Sec. 10.** The authority to establish an apportionment 11 district under this chapter expires July 1, 2007.

12 <u>NEW SECTION.</u> **Sec. 11.** This chapter may be known and cited as the 13 community revitalization act.

14 Sec. 12. RCW 82.14.050 and 1991 sp.s. c 13 s 34 are each amended 15 to read as follows:

The counties, cities, and transportation authorities under RCW 16 82.14.045 and public facilities districts under chapter 36.100 RCW 17 shall contract, prior to the effective date of a resolution or 18 ordinance imposing a sales and use tax, the administration and 19 20 collection to the state department of revenue, which shall deduct a 21 percentage amount, as provided by contract, not to exceed two percent 22 of the taxes collected for administration and collection expenses incurred by the department. Except as provided in section 7 of this 23 act, the remainder of any portion of any tax authorized by this chapter 24 25 which is collected by the department of revenue shall be deposited by 26 the state department of revenue in the local sales and use tax account 27 hereby created in the state treasury. Moneys in the local sales and use tax account may be spent only for distribution to counties, cities, 28 29 transportation authorities, and public facilities districts imposing a 30 sales and use tax. All administrative provisions in chapters 82.03, 31 82.08, 82.12, and 82.32 RCW, as they now exist or may hereafter be amended, shall, insofar as they are applicable to state sales and use 32 33 taxes, be applicable to taxes imposed pursuant to this chapter. Except as provided in RCW 43.08.190, all earnings of investments of balances 34 35 in the local sales and use tax account shall be credited to the local

sales and use tax account and distributed to the counties, cities,
 transportation authorities, and public facilities districts monthly.

3 **Sec. 13.** RCW 35.80.030 and 1989 c 133 s 3 are each amended to read 4 as follows:

5 (1) Whenever the local governing body of a municipality finds that 6 one or more conditions of the character described in RCW 35.80.010 7 exist within its territorial limits, said governing body may adopt 8 ordinances relating to such dwellings, buildings, structures, or 9 premises. Such ordinances may provide for the following:

10 (a) That an "improvement board" or officer be designated or 11 appointed to exercise the powers assigned to such board or officer by 12 the ordinance as specified herein. Said board or officer may be an 13 existing municipal board or officer in the municipality, or may be a 14 separate board or officer appointed solely for the purpose of 15 exercising the powers assigned by said ordinance.

16 If a board is created, the ordinance shall specify the terms, 17 method of appointment, and type of membership of said board, which may 18 be limited, if the local governing body chooses, to public officers as 19 herein defined.

(b) If a board is created, a public officer, other than a member of the improvement board, may be designated to work with the board and carry out the duties and exercise the powers assigned to said public officer by the ordinance.

24 (c) That if, after a preliminary investigation of any dwelling, 25 building, structure, or premises, the board or officer finds that it is unfit for human habitation or other use, he shall cause to be served 26 either personally or by certified mail, with return receipt requested, 27 upon all persons having any interest therein, as shown upon the records 28 29 of the auditor's office of the county in which such property is 30 located, and shall post in a conspicuous place on such property, a complaint stating in what respects such dwelling, building, structure, 31 or premises is unfit for human habitation or other use. 32 If the 33 whereabouts of any of such persons is unknown and the same cannot be ascertained by the board or officer in the exercise of reasonable 34 diligence, and the board or officer makes an affidavit to that effect, 35 36 then the serving of such complaint or order upon such persons may be made either by personal service or by mailing a copy of the complaint 37 38 and order by certified mail, postage prepaid, return receipt requested,

to each such person at the address of the building involved in the 1 proceedings, and mailing a copy of the complaint and order by first 2 3 class mail to any address of each such person in the records of the 4 county assessor or the county auditor for the county where the property 5 is located. Such complaint shall contain a notice that a hearing will be held before the board or officer, at a place therein fixed, not less 6 7 than ten days nor more than thirty days after the serving of said 8 complaint; and that all parties in interest shall be given the right to 9 file an answer to the complaint, to appear in person, or otherwise, and 10 to give testimony at the time and place in the complaint. The rules of evidence prevailing in courts of law or equity shall not be controlling 11 in hearings before the board or officer. A copy of such complaint 12 shall also be filed with the auditor of the county in which the 13 dwelling, building, structure, or ((premise [premises])) premises is 14 15 located, and such filing of the complaint or order shall have the same 16 force and effect as other lis pendens notices provided by law.

17 (d) That the board or officer may determine that a dwelling, building, structure, or premises is unfit for human habitation or other 18 19 use if it finds that conditions exist in such dwelling, building, 20 structure, or premises which are dangerous or injurious to the health or safety of the occupants of such dwelling, building, structure, or 21 22 premises, the occupants of neighboring dwellings, or other residents of 23 such municipality. Such conditions may include the following, without 24 limitations: Defects therein increasing the hazards of fire or accident; inadequate ventilation, light, or sanitary facilities, 25 26 dilapidation, disrepair, structural defects, uncleanliness, overcrowding, or inadequate drainage. 27 The ordinance shall state reasonable and minimum standards covering such conditions, including 28 29 ordinances those contained in adopted in accordance with 30 ((subdivision)) subsection (7)(a) ((herein)) of this section, to guide 31 the board or the public officer and the agents and employees of either, in determining the fitness of a dwelling for human habitation, or 32 building, structure, or premises for other use. 33

(e) That the determination of whether a dwelling, building,
structure, or premises should be repaired or demolished, shall be based
on specific stated standards on (i) the degree of structural
deterioration of the dwelling, building, structure, or premises, or
(ii) the relationship that the estimated cost of repair bears to the

value of the dwelling, building, structure, or premises, with the
 method of determining this value to be specified in the ordinance.

3 (f) That if, after the required hearing, the board or officer 4 determines that the dwelling is unfit for human habitation, or building or structure or premises is unfit for other use, it shall state in 5 writing its findings of fact in support of such determination, and 6 7 shall issue and cause to be served upon the owner or party in interest 8 thereof, as is provided in ((subdivision (1)))(c) of this subsection, 9 and shall post in a conspicuous place on said property, an order which 10 (i) requires the owner or party in interest, within the time specified in the order, to repair, alter, or improve such dwelling, building, 11 structure, or premises to render it fit for human habitation, or for 12 13 other use, or to vacate and close the dwelling, building, structure, or premises, if such course of action is deemed proper on the basis of the 14 15 standards set forth as required in ((subdivision (1)))(e) of this 16 subsection; or (ii) requires the owner or party in interest, within the time specified in the order, to remove or demolish such dwelling, 17 building, structure, or premises, if this course of action is deemed 18 19 proper on the basis of said standards. If no appeal is filed, a copy of such order shall be filed with the auditor of the county in which 20 the dwelling, building, structure, or premises is located. 21

(g) The owner or any party in interest, within thirty days from the date of service upon the owner and posting of an order issued by the board under the provisions of ((subdivision)) (c) of this subsection, may file an appeal with the appeals commission.

26 The local governing body of the municipality shall designate or 27 establish a municipal agency to serve as the appeals commission. The local governing body shall also establish rules of procedure adequate 28 29 to assure a prompt and thorough review of matters submitted to the 30 appeals commission, and such rules of procedure shall include the 31 following, without being limited thereto: (i) All matters submitted to the appeals commission must be resolved by the commission within sixty 32 days from the date of filing therewith and (ii) a transcript of the 33 34 findings of fact of the appeals commission shall be made available to 35 the owner or other party in interest upon demand.

The findings and orders of the appeals commission shall be reported in the same manner and shall bear the same legal consequences as if issued by the board, and shall be subject to review only in the manner 1 and to the extent provided in ((subdivision)) subsection (2) of this
2 section.

3 If the owner or party in interest, following exhaustion of his 4 rights to appeal, fails to comply with the final order to repair, 5 alter, improve, vacate, close, remove, or demolish the dwelling, 6 building, structure, or premises, the board or officer may direct or 7 cause such dwelling, building, structure, or premises to be repaired, 8 altered, improved, vacated, and closed, removed, or demolished.

9 (h) That the amount of the cost of such repairs, alterations or 10 improvements; or vacating and closing; or removal or demolition by the board or officer, shall be assessed against the real property upon 11 which such cost was incurred unless such amount is previously paid. 12 13 Upon certification to him by the treasurer of the municipality in cases arising out of the city or town or by the county improvement board or 14 15 officer, in cases arising out of the county, of the assessment amount being due and owing, the county treasurer shall enter the amount of 16 17 such assessment upon the tax rolls against the property for the current year and the same shall become a part of the general taxes for that 18 19 year to be collected at the same time and with interest at such rates and in such manner as provided for in RCW 84.56.020, as now or 20 hereafter amended, for delinguent taxes, and when collected to be 21 deposited to the credit of the general fund of the municipality. 22 Ιf 23 the dwelling, building, structure, or premises is removed or demolished 24 by the board or officer, the board or officer shall, if possible, sell 25 the materials of such dwelling, building, structure, ((<del>[or]</del>)) or premises in accordance with procedures set forth in said ordinance, and 26 27 shall credit the proceeds of such sale against the cost of the removal or demolition and if there be any balance remaining, it shall be paid 28 29 to the parties entitled thereto, as determined by the board or officer, 30 after deducting the costs incident thereto.

31 The assessment shall constitute a lien against the property which shall be of equal rank with state, county, and municipal taxes and 32 33 shall have a first priority and shall be paid before the payment of 34 other state, county, and municipal taxes from any tax payments collected or the proceeds of any sale of the property through 35 foreclosure or sale by the county including, but not limited to, the 36 37 proceeds of sales of any property acquired by the county by tax deed. 38 (2) Any person affected by an order issued by the appeals 39 commission pursuant to ((subdivision)) subsection (1)(f) ((hereof)) of

1 <u>this section</u> may, within thirty days after the posting and service of 2 the order, petition to the superior court for an injunction restraining 3 the public officer or members of the board from carrying out the 4 provisions of the order. In all such proceedings the court is 5 authorized to affirm, reverse, or modify the order and such trial shall 6 be heard de novo.

7 (3) An ordinance adopted by the local governing body of the 8 municipality may authorize the board or officer to exercise such powers 9 as may be necessary or convenient to carry out and effectuate the 10 purposes and provisions of this section. These powers shall include the following in addition to others herein granted: (a)(i) To 11 determine which dwellings within the municipality are unfit for human 12 13 habitation; (ii) to determine which buildings, structures, or premises 14 are unfit for other use; (b) to administer oaths and affirmations, 15 examine witnesses and receive evidence; and (c) to investigate the 16 dwelling and other property conditions in the municipality or county 17 and to enter upon premises for the purpose of making examinations when the board or officer has reasonable ground for believing they are unfit 18 19 for human habitation, or for other use: PROVIDED, That such entries shall be made in such manner as to cause the least possible 20 inconvenience to the persons in possession, and to obtain an order for 21 this purpose after submitting evidence in support of an application 22 23 which is adequate to justify such an order from a court of competent 24 jurisdiction in the event entry is denied or resisted.

(4) The local governing body of any municipality adopting an
ordinance pursuant to this chapter may appropriate the necessary funds
to administer such ordinance.

(5) Nothing in this section shall be construed to abrogate or impair the powers of the courts or of any department of any municipality to enforce any provisions of its charter or its ordinances or regulations, nor to prevent or punish violations thereof; and the powers conferred by this section shall be in addition and supplemental to the powers conferred by any other law.

34 (6) Nothing in this section shall be construed to impair or limit 35 in any way the power of the municipality to define and declare 36 nuisances and to cause their removal or abatement, by summary 37 proceedings or otherwise.

(7) Any municipality may (by ordinance adopted by its governingbody) (a) prescribe minimum standards for the use and occupancy of

dwellings throughout the municipality, or county, (b) prescribe minimum standards for the use or occupancy of any building, structure, or premises used for any other purpose, (c) prevent the use or occupancy of any dwelling, building, structure, or premises, which is injurious to the public health, safety, morals, or welfare, and (d) prescribe punishment for the violation of any provision of such ordinance.

7 <u>NEW SECTION.</u> Sec. 14. A new section is added to chapter 35.80 RCW 8 to read as follows:

9 (1) The municipality, as an alternative or additional remedy, may 10 acquire by negotiation the substandard building, structure, or premises and the land on which it is located, and after the acquisition may 11 12 utilize public or other available funds to improve the property acquired and the property may be used or transferred, as authorized 13 14 under chapter 35.80A RCW, as if the property were acquired under RCW 15 35.80A.010, if the owner or the owner's representative notifies the municipality in writing that the owner refuses or is unable to proceed 16 or fails to: (a) Repair, alter, or improve a substandard building, 17 18 structure, or premises; or (b) remove or demolish a substandard 19 building, structure, or premises as required by the order of the board or officer under RCW 35.80.030. 20

(2) If the substandard building to be acquired is part of a 21 22 community revitalization project, the municipality may acquire property 23 adjacent to the substandard building, as necessary to provide for the 24 implementation of the approved community revitalization project, upon 25 a finding by resolution of the local governing body that the acquisition is necessary in order to cure the problems associated with 26 the substandard building or buildings, and that redevelopment of the 27 site is not feasible unless the adjacent property is acquired. 28 This subsection provides supplemental and alternative authority for 29 acquisition of property by a municipality. 30

(3)(a) If the owner of a substandard building presents evidence satisfactory to the municipality that the owner does not have available sufficient funds or is unable to obtain financing on reasonable terms to repair, alter, or improve a substandard building as required by the order of the board or officer, under RCW 35.80.030, and in a manner that will place the substandard building in a condition that will cure the functional obsolescence of the building for its intended use, then

1 the municipality may, through its local governing body, approve a
2 project agreement with the owner that may provide for:

3 (i) Repair, alterations, and improvement of the substandard 4 building so as to comply with the order of the board or officer, under 5 RCW 35.80.030, and with the terms and conditions of the project 6 agreement;

7 (ii) The manner in which work under the project agreement will be 8 accomplished and how payment will be made, that may include, but is not 9 limited to, work let by the municipality and payment by the 10 municipality for work completed on the substandard building in 11 accordance with the project agreement; and

(iii) Repayment by the owner of the costs incurred by the municipality under the project agreement which repayment may be made in installments with interest on the unpaid portion as fixed by the local legislative body or paid in such other manner as may be provided in the project agreement.

17 (b) If not otherwise provided in the project agreement, the amount of costs incurred by the municipality in accordance with the project 18 19 agreement must be treated as if it were an assessment on an approved 20 final assessment roll for improvements constructed within a local improvement district, under chapter 35.44 RCW, and the costs shall be 21 a lien on the property improved, in the same manner and to the same 22 23 extent as a local improvement district assessment lien, and shall be 24 collected in the same manner as assessments, installment payments, 25 interest, and penalties are collected under chapter 35.49 RCW.

(c) The project agreement may provide that the lien for the repayment of all or a portion of the costs incurred by the municipality under the project agreement may be subordinated to a deed of trust securing the loan of private funds to the owner for payment of project costs incurred by the owner under the project agreement.

31 The municipality or a public corporation created by a (4) municipality under RCW 35.21.660 or 35.21.730 may provide for the 32 payment of the costs and expenses incurred by the municipality under a 33 34 project agreement by revenue or general obligation bonds or notes 35 payable in whole or in part from the repayment of project costs by owners and through enforcement of the assessments against the property 36 37 benefited or from any other federal, public, or private funds that may be made available for such purposes. 38

1 <u>NEW SECTION.</u> **Sec. 15.** Sections 1 through 11 of this act 2 constitute a new chapter in Title 82 RCW.

3 <u>NEW SECTION.</u> Sec. 16. If any provision of this act or its 4 application to any person or circumstance is held invalid, the 5 remainder of the act or the application of the provision to other 6 persons or circumstances is not affected.

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