

# FINAL BILL REPORT

## 3SHB 2382

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Synopsis as Enacted

**Brief Description:** Promoting the use of surplus public property for public benefit.

**Sponsors:** House Committee on Transportation (originally sponsored by Representatives Ryu, Kagi and Valdez).

**House Committee on Community Development, Housing & Tribal Affairs**  
**House Committee on Capital Budget**  
**House Committee on Transportation**  
**Senate Committee on Human Services & Corrections**  
**Senate Committee on Transportation**

### **Background:**

State Housing Program. The State Housing Policy Act identifies the state goal to coordinate, encourage, and direct the public and private sectors to participate in the attainment of a decent home in a healthy environment for every resident in the state. The objectives of this policy include: developing an adequate supply of housing; preserving the existing supply of affordable housing; and ensuring fair and equal access to the housing market.

The Department of Commerce (Commerce) administers the state housing programs, including the Housing Assistance Program, which distributes housing funding through a competitive grant process to eligible organizations for projects that serve low-income individuals and families with special needs. Organizations eligible to receive funding include: local governments; local housing authorities; regional support networks; nonprofit community or neighborhood-based organizations; federally recognized Indian tribes; and regional or statewide nonprofit housing assistance organizations.

Inventory of State Property for Affordable Housing. The Commerce must work with the departments of Social and Health Services, Natural Resources, Transportation, Corrections, and Enterprise Services to identify and catalog property suitable for the development of affordable housing for low income households. Each year, these agencies must submit to the Commerce an inventory of their real property that is available for lease or sale. The Commerce must provide these inventories of state-owned lands and buildings to parties interested in developing sites for affordable housing.

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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 a part of the legislation nor does it constitute a statement of legislative intent.*

Intergovernmental Transfer of Surplus Public Property. Some state agencies have authority to dispose of state real property that become surplus to the agency's needs. The Department of Enterprise Services has general authority to dispose of real property for all state agencies that do not have such specific authority to dispose of real estate.

State and local government property, generally, may be transferred or exchanged to other state, local, federal or tribal governments on mutually agreed upon terms by each entity. There are certain regulations regarding the intergovernmental transfer of property. For example, the departments of Natural Resources, Fish and Wildlife, Transportation, Enterprise Services, and the Parks and Recreation Commission, must notify counties, cities, and towns, when proposing to dispose of state-owned land located within each local jurisdiction. State uniform accounting requirements for local governments require that any department receiving an internal transfer of property from another department must pay the full and fair value of the property.

The Department of Transportation (DOT) may sell or exchange surplus lands for fair market value through a solicitation and bidding process, but also may forgo the bidding process and sell land at fair market value directly to certain parties. Such eligible parties include: another state agency; a local or tribal government where the land is located; the previous private owner or resident; an abutting land owner; or a nonprofit organization dedicated to providing affordable housing and eligible to receive funding through the Housing Trust Fund. Revenue from the sale of such property is directed to be deposited in the Motor Vehicle Account, which is used to fund state highway, road, and street construction and maintenance.

#### **Summary:**

Inventory of State Property for Affordable Housing. The State Parks and Recreation Commission and the Washington State Patrol (WSP) are added to the list of agencies that must provide annual inventories of real property available for sale or lease. The DOT is removed from the list of agencies required to submit an inventory. The agencies must include in the inventories a description of the disposal of any surplus property by each agency. The Commerce must consolidate the agency inventories into categories of land that is suitable for affordable housing development in consideration of the property location, size, current use, and zoning classification.

Intergovernmental Notice and Disposal of Surplus Public Property. The procedural requirement for certain state agencies to provide notice when disposing of state-owned real property is expanded to include all state agencies. In addition to counties, cities, and towns, notice also must be provided to all other state agencies, each federal agency operating within the state, and tribes whose land in which the property is located. The state agency providing notice must dispose of the property to any entity responding to such notice, with state agencies receiving priority. The disposition may be on any terms agreeable to the parties, except where the law requires the sale for fair market value. The DOT is excluded from these notice and disposal requirements.

Disposal of Surplus Property for Public Benefit. Any state or local agency with authority to dispose of surplus property may transfer property to any public, private, or nongovernmental body on any terms agreeable to the parties, including a no-cost transfer, if the property is

used for a public benefit. Public benefit means affordable housing development, or related facilities, for households at or below 80 percent of the local adjusted median income. Such a transfer must include a requirement that the property will be used for a designated public benefit, as well as remedies if the property is not used for the designated purpose. Each government entity using the authority to dispose of public property must enact rules.

The authority to dispose of surplus property for public benefit is discretionary and may be used as an alternative to existing authority, but does not apply to state forest lands, common school lands, or other lands subject to legal restrictions. Such authority is expressly added as an alternative to the authority of the WSP and city governments to sell surplus property at fair market value. The disposal of surplus lands for public benefit is deemed a lawful purpose for any state or local agency that keeps accounts on an enterprise fund, and must be consistent with any applicable, local comprehensive plan. The disposal of property for public benefit is expressly exempted from the local government accounting requirement that intra-agency property transfers must be paid for at true and full value.

**Votes on Final Passage:**

House	53	45	
Senate	26	23	(Senate amended)
House	53	44	(House concurred)

**Effective:** June 7, 2018