



STATE OF WASHINGTON
DEPARTMENT OF COMMERCE

1011 Plum Street SE • PO Box 42525 • Olympia, Washington 98504-2525 • (360) 725-4000

www.commerce.wa.gov

To Washington state legislators,

Under RCW 43.63A.510 (2018), the Department of Commerce (Commerce) must work with six designated agencies to identify, catalog and recommend best uses for underused state-owned land that could be converted into affordable housing for low-income residents. The work for this report was completed in fall 2018, and the results are attached for your review.

The statute required a quick turnaround, limiting Commerce's ability to provide a comprehensive analysis. Staff had 30 days between the data submission deadline and the report's due date. Therefore, Commerce wasn't able to conduct thorough property evaluations that would have yielded more determinate affordable housing opportunities.

To achieve this goal, Commerce recommends the Legislature set up a yearly June 1 deadline for reporting agencies to submit their surplus inventory information. This would give Commerce six months to analyze the data and prepare a report for publishing.

Commerce would use additional criteria to establish a comprehensive framework to identify properties suitable for affordable housing. The framework would align with the affordable housing industry-accepted standards, which are derived in part from the Washington State Combined Funders Affordable Housing Application and the U.S. Department of Housing and Urban Development (HUD) Site and Neighborhood Standards. Criteria would include environment, access to critical services and transportation, all factors needed to provide affordable housing opportunities.

Respectfully,

Lisa Brown, director
Department of Commerce



Department of Commerce

State Surplus Property Program

*2018 Annual Report
Inventory of State-Owned Real Properties
and Recommendations
3rd Substitute House Bill 2382 (3SHB2382),
effective June 7, 2018*

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Report to the Legislature
Lisa Brown, Director

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Washington State Department of Commerce

Mark K. Barkley, assistant director, Local Government Division

Bruce Lund, managing director, Community Assistance and Research Unit

Tina Hochwender, section manager, Brownfields / Direct Appropriation / State Surplus Section

Susan Butz, program manager, State Surplus Property Program

Emily Grossman, lead policy alignment advisor, Community Services and Housing Division

Allan Johnson, program manager, Bond Cap Allocation Program

Anne Fritzel, senior planner, Growth Management Services

Susan Butz, 360-725-2741

susan.butz@commerce.wa.gov

Washington State Department of Commerce

Community Assistance and Research Unit

1011 Plum St. SE

P.O. Box 42525

Olympia, WA 98504-2525

www.commerce.wa.gov

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Executive Summary

Introduction

In many Washington communities, the rising cost of land and construction negatively impacts the ability of affordable housing providers to develop housing for people with low incomes. This is especially true in high-cost areas like the Puget Sound region.

Since 1993, Department of Commerce has worked with designated state agencies to provide an annual inventory of real property that is owned and available for lease. The purpose of this inventory is to encourage effective use of surplus property for the development of affordable housing.

Background

Before passage of Chapter 217, Laws of 2018 (3SHB2382), authorizing statute RCW 43.63A.510 directed five agencies to provide Commerce an inventory of vacant surplus properties. That inventory needed to include both land and buildings and was due to Commerce by Nov. 1 each year. The agencies were also directed to provide a copy of the inventory to parties interested in developing the sites for affordable housing. No report or analysis of property suitability for affordable housing was required.

Section 1 of 3SHB2382 amended RCW 43.63A.510 and 1993 c 461 s 2, effective June 7, 2018. It revised the list of agencies required to report their vacant properties to Commerce. State agencies now designated to report surplus properties to Commerce by Nov. 1 each year are:

- Department of Natural Resources
- Department of Social and Health Services
- Department of Corrections
- Department of Enterprise Services
- Washington State Patrol
- State Parks and Recreation Commission

Four of the original five designated agencies were retained, including the Departments of Natural Resources, Social and Health Services, Corrections, and Enterprise Services. Two new agencies were added, including the Washington State Patrol and the State Parks and Recreation Commission. The Department of Transportation is no longer required to report vacant properties.

The following language is excerpted from Section 1 of 3SHB2382 and names additional requirements.

- (1) The department must work with the designated agencies to identify, catalog, and recommend best use of under-utilized, state-owned land and property suitable for the

development of affordable housing for very low-income, low-income or moderate-income households.

The designated agencies must provide an inventory of real property that is owned or administered by each agency and is vacant or available for lease or sale. The department must work with the designated agencies to include in the inventories a consolidated list of any property transactions executed by the agencies under the authority of Section 3 of this act (3SHB2382), including the property appraisal, the terms and conditions of sale, lease, or transfer, the value of the public benefit, and the impact of transaction to the agency. The inventories with revisions must be provided to the department by November 1st of each year.

- (2) The department must consolidate inventories into two groups: Properties suitable for consideration in affordable housing development; and Properties not suitable for consideration in affordable housing development.

In making this determination, the department must use industry accepted standards such as: location, approximate lot size, current land use designation, and current zoning classification of the property.

The department shall provide a recommendation, based on this grouping, to the office of financial management and appropriate policy and fiscal committees of the legislature by December 1st of each year.

- (3) Upon written request, the department shall provide a copy of the inventory of state-owned and publicly owned lands and buildings to parties interested in developing the sites for affordable housing.

Summary of Findings

Of the six designated agencies required to report their inventories, three reported no surplus properties and three reported they had a total of 38 surplus properties that are vacant or available for sale or lease.

The designated agencies did not dispose of any public properties for public benefit under the authority of Section 3 of 3SHB2382.

Of the 38 surplus properties inventoried, Commerce determined that 28 are suitable for further consideration for affordable housing development and 10 are not.

The statute requires designated state agencies to report by Nov. 1 and Commerce to submit its analysis to the Legislature by Dec. 1. Therefore, this preliminary determination of suitability for development is based on a swift analysis of state agency reports in which properties that were obviously unsuitable for affordable housing development were eliminated.

State Surplus Property Inventory

Key Findings and Inventory

Of the six designated agencies required to report their inventories, three reported no surplus properties and three reported they had a total of 38 surplus properties that are vacant or available for sale or lease.

The designated agencies did not dispose of any public properties for public benefit under the authority of Section 3 of 3SHB2382.

Determination of Suitability for Affordable Housing

As required by 3SHB2382 Sec. 1 (2), Commerce must consolidate inventories and determine which properties are suitable for consideration in developing affordable housing. The determination must include the industry-accepted standards of location, approximate lot size, current land use designation and current zoning classification.

In developing the suitability criteria, Commerce aligned the four industry-accepted standards with the goals and standards used in the Washington State Growth Management Act (GMA)¹ and Washington State Affordable Housing Combined Funders Application.²

The GMA (Chapter 36.70 RCW, 1990, and WAC 365-196) requires cities and counties develop comprehensive plans containing specific information and analysis. The goal is to focus urban growth and protect rural and resource lands from sprawl. All development in counties and cities that plan under the GMA must adhere to the city and county comprehensive plans.

A number of entities adhere to the Washington State Affordable Housing Combined Funders standards, including:

- Washington State Housing Trust Fund
- City of Seattle Office of Housing
- King County and Snohomish County local and HUD-funded affordable housing programs
- A Regional Coalition for Housing (ARCH)
- Washington State Housing Finance Commission for Low-Income Housing Tax Credits

Factors from the Combined Funders Application set best practices governing the development of publicly funded affordable housing development sites in Washington state.

¹ [Washington State Growth Management Act \(GMA\)](#)

² [Combined Funders Affordable Housing Application](#)

The following chart details Commerce’s criteria in determining the property’s suitability.

Table 1: Affordable Housing Suitability Criteria

Industry-Accepted Standards	Criteria for Properties Suitable for Consideration in Affordable Housing Development	Criteria for Properties NOT Suitable for Consideration in Affordable Housing Development
Location	<ul style="list-style-type: none"> • No impediments to development, such as steep slopes and the presence of significant critical areas • Located near population centers and services, preferably inside the urban growth area • Infrastructure (streets and utilities) in place • Property must be legally accessible 	<ul style="list-style-type: none"> • Impediments to development, such as steep slopes, wetlands or flooding • Remote location (too far from population centers, services and transit) • No infrastructure (streets and utilities) in place • No legal or feasible ingress/egress
Approximate Lot Size	Dimensions of lot allow development under existing zoning	Not developable per codes, or some parcels appear to be too small to develop
Current Land-Use Designation	Should be residential, ideally within urban growth area; parcels in rural areas outside urban growth areas can be zoned at a density that would not allow for affordable housing unless in a “limited area of more intensive rural development” (LAMIRD)	Lands with natural resource designation (forest, agricultural, mineral) because they are generally very large parcels that are remote from urban services. Parcels that do not have a residential designation would be excluded, as changing the zoning would slow the development process beyond the 36 month goal detailed in 3SHB2382 Section 1.
Current Zoning Classification	Current zoning permits all types of affordable housing; allows higher-density development	Zoning that is low density or overly restrictive may be difficult to use for affordable housing

Although there are exceptions, it is unlikely that lands with a natural resource lands designation, such as forest, agricultural or mineral, will be suitable for affordable housing for several reasons:

1. The Washington State Growth Management Act goal for natural resource industries in [RCW 36.70A.020](#) (8) encourages “the conservation of productive forestlands and productive agricultural lands, and discourages incompatible uses.”
2. Resource lands are generally large parcels, designed to conserve land, and not promote development.
3. Parcels are often remote from essential public services, such as sewer, water and transportation services, requiring the development of well and septic systems, and transportation alternatives.

Summary of Recommendations

Based on the criteria, Commerce has reviewed each property's suitability for affordable housing development, as required by Section 1 of 3SHB2382. The first column in the chart on the previous page describes criteria that suggests a property might be suitable for consideration.

Properties that fit these standards might upon further investigation not be suitable. turn out to be unsuitable. The second column describes criteria that tend to exclude a property from being suitable. Properties to which these criteria apply likely are not suitable for affordable housing development, absent significant extenuating circumstances.

Of the 38 surplus properties inventoried, Commerce determined that 28 are suitable for further consideration for affordable housing development and 10 are not.

Tables 2 and 3 below consist of each agency's inventory, separated into two categories: properties suitable and not suitable for consideration in affordable housing.

Table 2: Surplus Properties That Might Be Suitable for Consideration in Affordable Housing Development

Street Address or Nearest Intersection	City	County	Zip Code	Lot Size (Acres)	Current Land Use	Current Zoning	Comments	Agency
Battle Ground Lake State Park NE Palmer Rd & NE 171 St Ct	Battleground	Clark	98604	30.0	PF R-5	None	4 – 5 miles from City of Battleground	Parks & Rec
Ginkgo Huntzinger Rd.	Vantage	Kittitas	98950	8.3	Rural Working	Forest/Range/Residential	Near town of Vantage (about 2 miles)	Parks & Rec
HJ Carroll-Dabob Bay near Brinnon (Assessor map not available)	Brinnon	Jefferson	98320	3.0	None Listed	Rural Residential	About 1 mile from town of Chimacum	Parks & Rec
Kitsap Memorial-178 NW Park Street	Poulsbo	Kitsap	98370	4.0	Park	Park	Unincorporated rural/near Poulsbo; would need to be rezoned	Parks & Rec
Nolte-Veazie Cumberland RdSE/304th Ave SE	Black Diamond	King	98010	27.0	RA5	RA5	About 5 miles from Black Diamond	Parks & Rec
Riverside-Charles Rd-W Charles Rd/W Highland Rd	Nine Mile Falls	Spokane	99026	3.18	Rural Conservation	RCV	1 st lot appears to be privately owned 2 nd lot two triangles Near Nine Mile Falls	Parks & Rec
Riverside-Old Trails-btwn N Hayford Rd & N Old Trails Rd	Nine Mile Falls	Spokane	99026	40.0	Rural Conservation	RCV	Urban Growth Area, near Spokane	Parks & Rec

Street Address or Nearest Intersection	City	County	Zip Code	Lot Size (Acres)	Current Land Use	Current Zoning	Comments	Agency
Riverside – 4 small lots – Government Way/Huston Road	Spokane	Spokane	99224	2.3	Rural Conservation	RCV	West Spokane/small platted lots	Parks & Rec
Haley-Jackson Lake Road KPN	Vaughn	Pierce	98394	213.0	Rural Unincorp.	Rural Conservation	Fronts on Case Inlet	Parks & Rec
Lake Isabella – W Delght Rd/Golden Pheasant Rd	Kamilleche	Mason	98584	188.0	Designated Forestland	Forestland	Flat pasture land about 2 miles from Shelton	Parks & Rec
Washougal-NE Balcony Dr/Off Washougal River Road	Washougal	Clark	98671	474.0	R-5	FR-2	No notes provided	Parks & Rec
Cascade Island-HWY 20 & S Cascade Rd	Marble Mount	Skagit	98267	39.0	RRC-NRL (Natural Resource-Lands)	RRC-NRL	Fronts on Skagit River, may be in a flood plain	Parks & Rec
Elbow Lake-22600 Elbow Lake Road SE	Yelm	Thurston	98567	318.0	Public Preserve	Public Preserve	Includes ½ of lake	Parks & Rec
Helen McCabe-Thrall Rd & Canyon Road	Ellensburg	Kittitas	None given	65.0	Commercial Agriculture	Commercial Agriculture	Surrounds small lake	Parks & Rec

Street Address or Nearest Intersection	City	County	Zip Code	Lot Size (Acres)	Current Land Use	Current Zoning	Comments	Agency
Willipa Hills Trail – Robert Bush Dr./Summit Ave (Assessor's map NA)	South Bend	Pacific	98586	3.0	Commercial	Commercial	Old Railroad Turnaround site	Parks & Rec
Grayland A-HWY 105 (Assessor's map NA)	Grayland	Grays Harbor	98547	1.3	Designated Forest Land	Forest/Range/Residential	No tax id #	Parks & Rec
Kinney Pt-Off Beach Dr.	Marrowstone	Jefferson	98358	67.0	None Listed	None Listed	South tip of Marrowstone Island	Parks & Rec
Moclips-Hwy 109 & 2nd St	Moclips	Grays Harbor	98562	5.2	Residential	Residential	Can be subdivided into multiple lots	Parks & Rec
15230 15th Ave NE	Shoreline	King	98115	0.095	None Provided	Campus	Currently being used as dog park	DSHS
S Forest St & W Newell Ave	Westport	Grays Harbor	98595	0.79	None Provided	Residential 1	Minimum lot size is 5000 sq.ft. Current market for a lot of 8000 sq. ft. is from \$15,000 to \$50,000.	DNR
S Forest St & W Newell Ave	Westport	Grays Harbor	98595	0.85	None Provided	Westport MUTCI mixed use Tourist Commercial	These parcels are in the same neighborhood but have a different zoning.	DNR
S Forest St & W Newell Ave	Westport	Grays Harbor	98595	0.62	None Provided	Westport MUTCI mixed use Tourist Commercial	These parcels are in the same neighborhood but have a different zoning.	DNR

Street Address or Nearest Intersection	City	County	Zip Code	Lot Size (Acres)	Current Land Use	Current Zoning	Comments	Agency
Near Stillpoint Ln & N Jacob Miller RD (Assessor info blank in table)	Port Townsend	Jefferson	98368	0.8	None Provided	Rural Residential	This lot is on city water. It is buildable depending on wet land study.	DNR
116th Ave between NE 64th St & NE 61 ST	Kirkland	King	98033	0.11	None Provided	Low Density Residential	Possible building site. It must be at least 8500 square ft.; however, city of Kirkland rep could not tell me if we have that much land. They are showing a much smaller lot but they could not see the second number on their plans which is the 93489OCK01.	DNR
XXX E 57th ST/ E Q St	Tacoma	Pierce	98404	0.55	None Provided	Residential	Critical areas are close to this lot and will need a feasibility study done to see how much wetlands are on the building lot. Minimum lot size is 5000 sq. ft. The property does have sewer and water at site.	DNR
4312 E Joseph	E. Spokane	Spokane	99217	0.38	None Provided	Light Industrial	Several cars are parked on the property. Water and sewer are at site. Interested buyer has contacted DNR; may result in a sale in 2019.	DNR

Street Address or Nearest Intersection	City	County	Zip Code	Lot Size (Acres)	Current Land Use	Current Zoning	Comments	Agency
<u>Near 2nd & Beech</u>	Toppenish	Yakima	98948	0.16	None Provided	Residential	Possible trespass. There are several cars on property.	DNR
<u>215 S Beech Street</u>	Toppenish	Yakima	98948	0.12	None Provided	Commercial	This is not a building lot for commercial. It is too small.	DNR

Table 3: Surplus Properties That Are NOT Suitable for Consideration in Affordable Housing Development

Street Address or Nearest Intersection	City	County	Zip Code	Lot Size (Acres)	Current Land Use	Current Zoning	Comments	Agency
Crystal Falls-HWY 20 Colville-Tiger Rd (Assessor map not available)	Colville	Stevens	99140	162.5	None Given	None Given	7 miles from Colville. Too far from services, no transit	Parks & Rec
Ice Caves (Assessors map NA)	Chelan	Chelan	98816	159.0	None Listed	None Listed	Very Remote. Too far from services, no transit	Parks & Rec
Mt. Spokane-Nelson Road-N of Day Mt Rd (Assessors map NA)	Chattaroy	Spokane	99003	160.0	Rural Conservation	Rural Conservation	Very Remote. Too far from services, no transit	Parks & Rec
Lake Newport HWY 20/Silver Leaf Road (Assessors map NA)	Newport	Pend Oreille	98081	158.0	Unknown	Unknown	Very remote, too far from services, no transit, no legal access	Parks & Rec
Sun Lake – Lake Lenore – West of Lake Lenore off HWY 17 (Assessors map NA)	Ephrata	Douglas	98823	40.0	Lrg SA	Lrg SA	Very remote, too far from services, no transit, no legal access	Parks & Rec
O'Brian-Riggs-HWY 20 & Rockport Cascade Rd	Marble Mount	Skagit	98267	94.0	Forestland	Forestland	Fronts on Skagit River, remote, too far from services, no transit	Parks & Rec
Packwood-Skate Creek Rd and Alder St	Packwood	Lewis	98361	179.0	Forestland	Forestland	Skate Creek runs through it and fronts on Cowlitz River, remote, too far from services, no transit	Parks & Rec
Satus Pass-West 1 mile of HWY 97	Goldendale	Skamania	98620	168.0	Forestland	Forestland	Old Ski slope, remote, too far from services, no transit	Parks & Rec

Street Address or Nearest Intersection	City	County	Zip Code	Lot Size (Acres)	Current Land Use	Current Zoning	Comments	Agency
Tilton HWY 508 and Dodge Rd	Morton	Lewis	98356	103.0	Forestland	Forestland	Fronts on Tilton River. Remote, too far from services, no transit.	Parks & Rec
Between S. 1st St/ W Maple St	Almira	Lincoln	99103	0.18	None Provided	Agriculture/ Commercial	Lots 1-12 - Lots vary in size. Further research needed. Scott Liebring from Lincoln County states it is not owned by DNR	DNR

Table 4: Zoning/Land Use Abbreviations

Zoning Designation	Meaning	County
PF-R5	5 Residential Units Per Acre	Clark
RA5	5 Residential Units Per Acre	King
RCV	Rural Conservation Zoning (Environmentally Sensitive)	Spokane
FR-2	Forest and Agriculture Districts	Clark
Zoning Designation	Meaning	County
Zoning Designation	Meaning	County
RRC-NRL	Natural Resource Lands (promote long-term, commercially significant resource use.)	Skagit
R-1	Residential 1 – low density single-family with a high degree of protection against objectionable influences, building congestion, lack of light, air and privacy	Grays Harbor
Lrg SA	Unknown designation	Douglas

Conclusion

Housing supply and affordability issues affect every community in Washington. Between 2006 and 2016, rents have increased 18 percent and the median income for the population as a whole has increased only 3 percent, according to the U.S. Census Bureau American Community Survey One-Year Estimates.

Affordable housing developers face strong competition for developable land, especially in the Puget Sound region. Identifying and evaluating state surplus properties can be an additional tool to support efforts that result in the increase of affordable housing stock in the state of Washington.

Appendix A: Definitions from 3SHB2382

- “Affordable housing” means residential housing that is rented or owned by a person who qualifies as a very low-income, low-income, or moderate-income household or who is from a special needs population, and whose monthly housing costs, including utilities other than telephone, do not exceed 30 percent of the household’s monthly income.
- “Very low-income household” means a single person, family, or unrelated persons living together whose income is at or below 50 percent of the median income, adjusted for household size, for the county where the affordable housing is located.
- “Low-income household” means a single person, family, or unrelated persons living together whose income is more than 50 percent but is at or below 80 percent of the median income where the affordable housing is located.
- “Moderate-income household” means a single person, family, or unrelated persons living together whose income is more than 80 percent but is at or below 115 percent of the median income where the affordable housing is located.
- “Affordable housing development” means state-owned real property appropriate for sale, transfer, or lease to an affordable housing developer capable of:
 - Receiving the property within 180 days; and
 - Creating affordable housing units for occupancy within 36 months from the time of transfer.
- “Public benefit” means affordable housing for low-income and very low-income households as defined in RCW 43.63A.510, and related facilities that support the goals of affordable housing development in providing economic and social stability for low-income persons.
- “Surplus public property” means excess real property that is not required for the needs of or the discharge of the responsibilities of the state agency, municipality, or political subdivision.