



## King County

### Metropolitan King County Council Charter Review Commission

#### STAFF REPORT

<b>Agenda Item:</b>		<b>Name:</b>	Patrick Hamacher
<b>Proposed No.:</b>		<b>Date:</b>	March , 2019

#### SUBJECT

Potential Charter Amendment to remove a charter limitation on the sale of surplus land for affordable housing at less than fair market value.

#### BACKGROUND

The County provides many different services, and one of these service categories includes “Metropolitan Functions” (Metro), defined by state law to include matters such as water pollution abatement, public transportation and parks. There are constitutional, statutory and contractual restrictions on the disposal of properties acquired for these Metro uses. Transfer must either be for its Metro use or at fair market value. In addition to the restrictions from these sources, Charter section 230.10.10 likewise effectively prohibits the County from disposing of Metro property for any purpose other than what was originally intended at less than fair market value.

In 2018, the State Legislature passed 3SHB 2382 that authorized the disposition of governmental assets for less than fair market value in certain circumstances like affordable housing. While this enactment would remove one of the statutory impediments to selling county property at less than fair market value, other significant statutory and constitutional and contractual restrictions still exist for a sale of Metro property.

#### SUMMARY

Currently, Section 230.10.10 of the Charter reads as follows:

**230.10.10 Metropolitan Municipal Functions.** Each metropolitan municipal function authorized to be performed by the county pursuant to RCW ch. 35.58 shall be operated as a distinct functional unit. Revenues or property received for such functions shall never be used for any purposes other than the operating expenses thereof, interest on and redemption of the outstanding debt thereof, capital improvements, and the reduction of rates and charges for such functions.

This language effectively prohibits property owned by one of the Metro funds from being used or disposed of for any other purpose than originally intended unless fair market value

is received. To address this prohibition the CRC may wish to consider adding the following language:

To the extent not otherwise prohibited by law, this section shall not preclude the county from leasing, selling or conveying such properties at less than fair market value for affordable housing purposes.

This language would remove the County Charter limitation on the disposal of Metro property at less than fair market value for affordable housing.

## **ANALYSIS**

King County is a major holder of real estate throughout the County. Much of that land is in obvious current use for government functions, parks, open space or one of the other various county uses. The continued use of these properties would not be affected by the potential charter amendment or the previous change in state law.

There is a process in King County Code 4.56 whereby agencies can identify property as surplus to the current or planned needs of an agency. These surplus properties sometimes end up being sold on the open market and might be usable for affordable housing. However, a sale of Metro properties has historically required payment of its fair value, and that often makes use of such parcels for affordable housing difficult to accomplish.

The proposed language would eliminate only the County Charter limitation on disposing of Metro parcels for less than fair value when the parcels are used for affordable housing rather than their original Metro function. Other constitutional, statutory and contractual impediments to such sales would remain. For example, even with the proposed Charter revision, properties acquired with designated federal funds, ratepayer proceeds or sales tax measures would likely still need to be sold for fair value if a non-Metro use is contemplated, even with passage of the potential amendment. Restrictions on how those parcels may be used are not altered by the proposed Charter amendment.

If the CRC ultimately recommends an amendment on this topic, the revised section of the Charter would look as follows:

**230.10.10 Metropolitan Municipal Functions.** Each metropolitan municipal function authorized to be performed by the county pursuant to RCW ch. 35.58 shall be operated as a distinct functional unit. Revenues or property received for such functions shall never be used for any purposes other than the operating expenses thereof, interest on and redemption of the outstanding debt thereof, capital improvements, and the reduction of rates and charges for such functions. To the extent not otherwise prohibited by law, this section shall not preclude the county from leasing, selling or conveying such properties at less than fair market value for affordable housing purposes.

## **ATTACHMENTS**

None