Housing Affordability Response Team (HART) Draft Agenda

Thursday, April 13, 2017 from 1:00 PM - 4:00 PM | By phone: (360) 407-3780; Code 565340
Hilltop Regional Medical Center Community Room, 1202 MLK Jr Way, Tacoma, WA 98405
HART's Website for Materials: https://www.ezview.wa.gov/site/alias__1961/37020/default.aspx

Time	Agenda Item	Materials
1:00 PM *10"*	**Welcome** • Review agenda, materials, and main topic ("Land Use Part II") • Introduce members, subject matter experts, alternates, and the public	
1:10 PM *5"*	**Public Comments Part I** • Share verbal and written public comments	
1:15 PM 5"	**Old Business** • Review correction to 3/16 meeting summary (MA Leonard) • Suggest corrections to 3/22 meeting summary • Review recommendations related to construction and planning tools received after the 3/22 meeting	-Draft 3/22 Meeting Summary -Attachments Andrews' Presentation Slides Draft 3/22 Recommendations Member/ Public Comments
1:20 PM *15"*	**Visioning for Report Introduction (Part I)** • Discussion question: What are HART's shared principles and values that can be included in the introduction to this committee's final report?	-Draft outline of HART report
1:35 PM 10"	**Brief Presentation: Growth Management Act Housing Element** • Receive a brief presentation on the Growth Management Act's (GMA) Housing Element (Anne Fritzel, WA Department of Commerce); Q&A	-Housing Element fact sheet
1:45 PM *15"*	**Brief Presentation: Buildable Lands** • Receive a brief presentation on the Buildable Lands Program (Chandler Felt, King County); Q&A • Note: Dan Cardwell, Pierce County, will also attend as a buildable lands subject matter expert.	-Buildable lands fact sheet
2:00 PM *15*	**Brief Presentation: Statewide Housing Markets** • Receive a brief presentation on the Washington State's housing markets (Svenja Gudell, Zillow); Q&A	Presentation provided just prior to meeting.
2:15 PM *10"*	**Break**	
2:25 PM *50"*	**Land Use Recommendations** <u>Please come prepared</u> to discuss your ideas regarding planning for housing given: • Current GMA requirements for the housing element, housing incentive programs and buildable lands. • 2006/2013 GMA Taskforce recommendations. • Ideas or elements in current legislative proposals.	-2006/2013 GMA Land Use Recommendations

3:15 PM *15"*	**Discussion Question:** What are the opportunities and barriers related to Washington State's land use planning efforts (at all levels) that impact responsibly increasing the supply of housing at all economic levels?	-
3:30 PM *5"*	**Research Topics** • Are there any areas of uncertainty or confusion that the Governor's Office should consider researching?	
3:35 PM 10"	**Evaluation Methods** • Assess whether sub-committees should form to do further work on HART's recommendations before meeting #5. • Discuss the proposed method(s) for evaluating recommendations.	
3:45 PM 5"	**Stakeholder Engagement** • Review approach to engaging stakeholders outside of HART.	Receive draft stakeholder list
3:50 PM *5"*	**Public Comments Part II** • Verbal comments	
3:55 PM 5"	**Good of the Order** • Next HART meeting: 4/27 from 1-4 PM; Olympia • Final HART Meeting: 5/19 from 1-4 PM; Meeting with AHAB; Seattle	
4:00 PM	**Adjourn**	

Directions to the Hilltop Regional Medical Center Community Room

Driving Directions:

The new Hilltop Regional Health Center is at 1202 MLK Jr. Way, at the corner of Brazill (formerly 12th) and MLK. The parking garage entrance is on L St., which is one block west of MLK, and a one way heading north, so you will need to go up either MLK or M to 13th and turn towards L, and come back north towards Brazill.

The 1st and 2nd levels of the parking garage are for our patients; please park above the 2nd level.

If you have any questions or concerns the day of the meeting, please contact Audria who is the Urgent Care Manager down the hall.

From Olympia:

Take I-5 north to Tacoma

Take Exit 132 – after you exit, stay in left two lanes toward West -Hwy 16 - Gig Harbor. You'll want to be in the right lane when it turns left.

Take Sprague Exit (1st exit on the right)

Continue on Sprague until Brazill Street (2nd stop light). Take a right on Brazill. Continue until "M" St. – take a right. Go one block to 13th, and turn left. Take next left on L St. Parking garage entrance is on the right.

Draft Housing Affordability Response Team (HART) Meeting Notes: Meeting #3
March 22, 2017 from 1:00 – 4:00 pm | Department of Commerce, WA
Draft 4/4/2017

Action Item	Who?	Status
Send to Commerce information about added amenity costs for publically-subsidized housing projects	Kim Herman	Pending
Send to Commerce the list of projects that have exceeded their regulatory agreements	Kim Herman	Pending
Develop a memo on LIFT and Community Revitalization	Staff	See PSRC doc.
Develop a memo on prevailing wages	Staff	April meeting
Find GAO reports on public/affordable housing efficiency	Staff	See AHAB report
Research why 2017 WA State legislature bills related to affordable housing "died"	Staff	April meeting

Attending

- Committee Members: Peter Orser (Chair), Rachael Myers, Bryce Yaden, Kim Herman, Nick Harper, Mark McCaskill, Steve Walker, M.A. Leonard, Chris Pegg, and Jeanette Mckague; by phone: Tess Colby, Svenja Gudell, and Tony To.
- Speakers: Ryan Andrews (City of Lacey) and Kurt Wilson (SoundBuilt Homes).
- Guests: Faith Pettis (subject matter expert) and Allison Butcher (Master Builders of King and Snohomish County).
- Commerce Staff: Anne Fritzel, Emily Grossman, Sophie Glass (Facilitator, Triangle Associates)

Welcome

Chair Orser introduced the main topic of the 3/22/2017 HART meeting: construction and planning tools as they relate to housing affordability.

Review of Meeting Summary

HART members reviewed their 3/16/17 meeting summary. There were no comments provided at the meeting.[1] Commerce staff will post the approved meeting summary on the website.

Presentation 1 on Development Regulations and Housing Tools

Presentation Overview

Ryan Andrews, City of Lacey Planning Manager, provided a presentation on regulations related to housing affordability (see **Attachment A** for Mr. Andrews' slides). He noted that covering the costs of utilities to serve new development can be challenging. Single-family developers can recoup upfront costs when developments are sold. However, for multifamily developers, these costs are held longer and recouped through rental payments. He identified the following ways that jurisdictions can increase the supply of housing at all economic levels:

- Streamlined permit review;
- Designation of urban centers or transit-oriented development;
- Multifamily tax exemption program;

[1] After the meeting it was corrected that M.A. Leonard attended the 3/16/17 meeting and that cap and trade was discussed in regards to potential new sources of revenue for affordable housing.

- Local development fees and impact fees to reduce the cost of development;
- Reduced fees to non-profit or other developers;
- Land banking;
- Inclusionary zoning; and
- Offering a range of housing types.

Questions and Answers

Question: What is the best tool to address housing affordability in Lacey?

Answer: Utility connection fees are one of the biggest costs for developers. A grant or loan program to assist with the cost of utilities would be very helpful to reduce this upfront barrier.

Question: Why did you choose to do a planned action or State Environmental Protection Act (SEPA) review?

Answer: Planned actions can be a great tool to encourage development.

Discussion

The group commented that doing a planned action or SEPA review for a given area is a good idea to help encourage development in areas already served by public facilities. As a new development is proposed, they can move to the development review stage, and not have to start with a preliminary SEPA review of the project. The developer is required to pay for the Environmental Impact Statement (EIS) as part of the development.

Presentation 2 on Development Regulations and Housing Tools

Presentation Overview

Kurt Wilson from SoundBuilt homes provided verbal comments to the group. Below are the major points from his presentation:

- Costly regulations can affect both for-profit and non-profit developers.
- Builders are determined to develop at urban densities within urban growth areas.
- Some jurisdictions do not take advantage of the tools to streamline development, such as increasing short plat limits and SEPA exemptions.
- Builders appreciate planning for development at the comprehensive plan level instead of project by project, both in the planning, and the options for appeal.
- Since the economic downtown, Washington State lacks developers that can bring land to the retail market. Moreover, banks are reluctant to lend money for land development.
- The Department of Ecology's stormwater regulations focus on new development, even though existing development also contributes to stormwater pollution.

Below are Mr. Wilson's recommendations:

- There is a need for additional categorical exemptions to SEPA.
- Washington State should look at time limits for processing plats.
- There should be a cost-benefit analysis to understand the full cost of regulation on housing.
- Zoning should be looked at alongside the market to align zoning with buyer profiles.
- Local governments should review impact fees and system development charges to ensure the costs in these fees are legal and reasonable to pass on to developers.

Questions and Answers

Question: What are the timeframes associated with latecomer agreements?

Answer: Latecomer agreements now allow a longer time period, from 15 years to 20 years.

Question: Is there is a trade-off between SEPA and impact fees?

Answer: The way SEPA and impact fees are administered on the local level affects how local governments cover costs as their communities grow. Both SEPA mitigation and impact fees can be charged to address the impacts of development.

Question: How long does it take to get a permit processed?

Answer: The processing permit time varies greatly across jurisdictions, and there are different timelines associated with "Basic" vs "Custom" plans. RCW 36.70B requires no more than 120 review period, although Mr. Wilson noted some jurisdictions can process a simple development application in only a few days.

Discussion

A HART member noted that regulations around housing are nothing new - they have been around for decades. And over these years, local governments have grown in different ways and have chosen regulations to manage this growth.

Planning Tools and Construction Barriers

HART members brainstormed the following list of barriers that have statewide applications, or that the state can take action on.

- Unenforceable Affordable Housing Goals: There is no "hammer" if jurisdictions fail to meet their affordable housing goals.[2] There is a need for "teeth" to housing targets to incentivize the housing element of GMA.
- Jurisdictional and Individual NIMBYism: Zoning may affect a jurisdiction's ability to offer a place for affordable housing to develop, or multifamily zoning may be limited within a jurisdiction. Individual concerns about projects may limit the ability to permit multifamily housing.
- Building Industry Barriers: There are too few players for a competitive market, missing skills within the industry, missing links in the supply chain for buildable lots. There is a need to improve coordination to increase the supply of finished homes or buildable lots.
- Burdens in Utility Costs: There is a great need to maintain and update aging infrastructure and build new capacity for new housing, but there is less money available in the Public Works Assistance Account. It was noted that infrastructure does not just include water and sewer, but also waste management and other infrastructure.
- Financial Market Barriers: The financial market is not providing sufficient funds to finance the development of land.
- Need to Fund PERF: It is important to fund the Planning and Environmental Review Fund (PERF) so jurisdictions can have more resources to do area-wide SEPA review to encourage development in defined areas.

[2] See one-pager on GMA requirements for housing in the packet for this meeting.

- Lack of Resources in Rural Areas: There is a lack of developer competition for small projects in rural areas. In addition, accessing materials and skilled labor in rural areas drives up the cost of development.
- Lack of Skilled Labor: Post-Recession, there is a lack of laborers in skilled building trades. Through the Recession, a lot of smaller builders went out of business.
- Costly "Green" Regulations: Some green regulations, such as the Department of Commerce Evergreen Sustainable Development Standards, can add development costs.
- Time-Consuming Contracting Processes: It can be time consuming to get contracts in place once a project is awarded since there are so many sources of funding for each project.
- Overlapping Special Districts: Jurisdictions can have multiple overlapping special purpose districts (water and sewer districts), which can make negotiations difficult. It was suggested that special districts merge to gain economies of scale.
- Lack of Land Availability: Conversion from raw land to developable land takes time.
- Inconsistent Building Codes: Different jurisdictions adhere to different codes depending on the number of stories.
- Cost of Labor: Prevailing wages can increase the cost of certain types of development.

New Fees and Regulations Recommendations

HART members discussed *new* planning and construction recommendations to vote on during their 5th meeting. See **Attachment B** for the list of new recommendations. There were several recommendations that came forward that addressed planning, funding for planning, and putting "teeth" into the GMA around affordable housing goals. It was agreed that these recommendations would be brought forward to the April 13th meeting.

Research Topics

HART members proposed the following topics for further research:

- Are there labor shortages in certain market segments? Is there an intervention possible at the state level?
- What are ways to "fairly" impose impact fees?
- What are the barriers to entry along the construction supply chain?
- Are there changes to the size or governance of sewer/water/waste/stormwater special districts that could make these systems more cost-efficient?
- What are the financing rules regarding merging special districts for water and sewer?
- Why do costs for providing utilities change from place to place?
- Is Washington State missing a type of developer that can build a "missing middle" type of project?
- If there is so much money to be made in the housing market, why are there not more builders in the business?
- What are the barriers to converting raw land to developable land?

Preparing for HART Meeting #4

The topic of the 4th HART meeting will be "the GMA Housing Element and Buildable Lands." There will be presentations on the GMA Housing Element and Buildable Lands, and also a presentation from Zillow about the real estate market across Washington State.

HART members recommended that the following resources and links be added to the website:

- Building the Economy: Infrastructure Needs in Washington AWC and partners
- Infrastructure Financing: A Guide for Local Government Managers, ICMA
- Special Districts, MSRC
- SEPA Handout on Planned Actions, Department of Ecology
- Latecomer Agreements Overview I, MSRC
- Latecomer Agreements Overview II, MSRC
- Prevailing Wages, Department of Labor and Industries
- Washington's Infrastructure Needs, Washington Research Council 2005

  Part 1 Plans, Funding and Gaps

  Part 2 Current Funding and Financing Tools

  Part 3 Innovative Funding, Financing and Management Tools

  Part 4 Governance and Decision Making

HART members requested fact sheets on the housing element and buildable lands. A fact sheets on impact fees, was handed out and is included in the minutes.

Public Comments

A guest from Homes First mentioned that he has attended multiple meetings with several jurisdictions and everyone is talking about barriers to housing affordability. He encouraged more collaboration and fewer siloed conversations.

A guest from the Renton Housing Authority commented that the Renton Housing Authority partnered with the City of Renton to do a $1.2 M Planned Action EIS on a 2 square mile area. She suggested that doing SEPA and NEPA at the same time makes it easier for federally funded housing developers.

Following the meeting, Commerce received feedback and suggestions HART members and guests. See **Attachment C** for details.

- Nick Harper (email - attached)
- Mark McCaskill (email - attached)
- Paul Trautman (email - attached)
- Ryan Andrews – Suggestion of proposed research topic to compare infrastructure hookup costs across state

March 22, 2017

Development Regulations and Housing Tools

Ryan Andrews, Planning Manager
City of Lacey

Regulations

State Regulations

- Washington Growth Management Act
  - Planning framework adopted by Washington Legislature in 1990
  - GMA goals for sprawl reduction, concentrated urban growth, and **affordable housing**
- State Environmental Policy Act
  - Adopted by Washington Legislature In 1971
  - Established regulatory framework to address environmental issues
  - Modeled after National Environmental Policy Act
- RCW 82.02 Impact Fees
  - Ensures adequate facilities are available to serve new growth and development
  - Used for system improvements that will benefit the new development
  - Common impact fees: Parks, Fire, Transportation, Schools

Regulations

Local Regulations

- Zoning
  - Density
  - Building dimensional requirements (setbacks, height, etc.)
- Subdivision Standards
- Public Works Standards (infrastructure requirements)
- Stormwater
  - National Pollutant Discharge Elimination System
  - National requirement under the Clean Water Act
  - Program overseen by Department of Ecology and implemented by local jurisdictions
- Critical Areas (required by GMA)
- Shorelines (required by SMA)

Housing Affordability Factors

Market

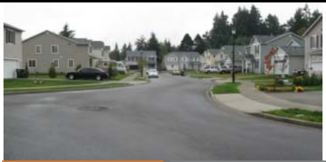
- There are currently 540 single-family residential listings in Thurston County. Average is normally 1,700 to 1,800 per month.
- Pressures from Central Puget Sound market
- Available land

Interest Rates

- Low interest rates pushing up demand

Employment

- Housing is neither affordable nor unaffordable without the context of wages available to rent or buy



Housing Affordability Factors

Utility Connection Fees
- Upfront cost
- Favors single-family development model

Regulatory Hurdles
- “Time is money”

Other
- Some local jurisdictions are “managing growth” while others are just “managing to grow”

Housing Tools

Flexible Development Tools
- Density bonuses
- Flexible single-family zoning regulations/small lot development
- Form-based codes
- No max density
- Infill development

Housing Tools

Variety of Housing Types

- Duplex/Triplex/ADUs (missing middle)
- Manufactured /Modular Housing
- Cottage Housing /Townhomes
- Live/Work
- Micro-apartments/co-housing/tiny homes
- Mixed-use

Stream-lined Development Review

- Local project review procedures (communication, checklists, expediting)
- Short plats (can be up to 9 lots)
- Development agreements

Housing Tools

Planning Level Tools

- Urban Centers
- Transit-Oriented Development Overlays
- Transfer of Development Rights Programs
- Infrastructure Priority Areas
- Brownfield and Redevelopment Programs
- Economic Development Strategies

Housing Tools

Reducing Development Fees

- Permitting fees
- Impact fees
- **Utility connection fees**

State Environmental Policy Act (SEPA) Tools

- SEPA Categorical exemptions
- SEPA Planned Action
- SEPA Infill exemptions

Housing Tools

Especially for Affordable Housing

- Impact fee waivers or reductions
- Habitat for Humanity
- Community land trusts
- Multi-family tax exemption (MFTE)
- Housing levy
- Housing consortia (ARCH)

Housing Tools

Especially for Affordable Housing

- Land banking
- Public land for affordable housing
- Inclusionary zoning
- Condominium conversion/housing replacement/no net loss ordinances
- Affordability covenants/preservation

Housing Tools

Renter and Homeowner Assistance

- Displacement Resources (manufactured home parks, discontinuation of rent restrictions)
- Direct Household Assistance (community action agencies and Revolving Loan Funds)
- Employer-Assisted Housing
- Location-Efficient Mortgages
- Foreclosure Resources
- Code Enforcement

Ryan Andrews
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City of Lacey
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#	*Planning Tools and Construction Recommendations*	Source	Status	HART's Recommendation	Language for Voting
1	*Provide funding for a revolving loan fund to expand the use of up-front SEPA (and NEPA) review for development designated areas inside urban growth areas. Use a late-comer fee program to recoup the expenditures. RCW 36.70A.490 - 500.*	2013 Idea	Not implemented	Delete as covered in the other recommendations.	
2	*Impact fees should be charged on a per-square-foot basis for multi-family housing development. Impact fees charged on a per-unit basis can have the unintended consequence of encouraging larger, more costly units, especially in the context of multi-family development.*	2013 Idea	Not implemented	Carry forward, consider for more study or rework this recommendations.	
3	*If not getting impact fee exemptions, affordable housing projects should be allowed to defer impact fee payment until the certificate of occupancy.*	HART	Impact fee exemptions only apply to first 20 units per builder.		
4	*Eliminate the "replacement rule" that requires counties and cities to pay the remaining 20% from public funds for low income housing impact fee exemptions (RCW 82.02.060(2))*	2006 GMA Report	Partially implemented	*Carry forward*	

#	*Planning Tools and Construction Recommendations*	Source	Status	HART's Recommendation	Language for Voting
5	*Local Project Review Act: Work towards greater consistency across jurisdictions in project application review and approval timelines. Define "complete application" at the statewide level.*	HART			
6	*Multiple permits and conditional use permits take a lot of time to go through the process. Encourage a "basic program" so that one development plan could be approved in multiple jurisdictions, and minor changes to the plan can be easily permitted under the basic plan.*	HART			
7	*Provide incentives and a timeline for local governments to simplify and standardize local development standards and regulations.*	2006 GMA Report	Not implemented	Carry forward and add a timeline.	
8	*SEPA: Explore a categorical exemption for projects in areas within urban growth areas that are designated by local jurisdictions and are generally characterized by a mix of uses, higher density and access to public services, including transit, if the jurisdiction has done an adequate environmental impact statement (EIS) for the designated area. (for greenfield areas)*	2006 GMA Report	Partially implemented, see hand out.	Carry forward, and examine more SEPA options for planned actions, categorical exemptions for infill	

#	*Planning Tools and Construction Recommendations*	Source	Status	HART's Recommendation	Language for Voting
9	*Explore alternatives to EISs for planned action areas or categorical recommendations.*	HART		New	
10	*Explore developing a higher threshold for categorical exemptions for larger projects (e.g. increase the exemption to 20 lot subdivisions).*	2006 GMA Report	Implemented	Remove from the list because this was implemented.	
11	*Fund the Planning and Environmental Review Fund (PERF) as an incentive for local governments to do the up front environmental review in a planned action [include additional funding in the state general fund].*	2006 GMA Report	Not implemented	Carry forward	
12	*Invest more money in vocational training to train builders, and other skilled construction labor.*	HART			
13	*Explore ways to facilitate more construction of manufactured and modular wood homes in Washington as a way to provide affordable housing*	HART			

#	*Planning Tools and Construction Recommendations*	Source	Status	HART's Recommendation	Language for Voting
14	*Provide information on best practices for design standards and review processes statewide.*	2006 GMA Report	Implemented, discontinued as difficult to maintain.	Carry forward	
15	*Provide funding for affordable housing to cover the up front cost of utility extensions and hook up fees. Spread the cost of the fees. 1) Have the developer pay something up front, 2) Finance the balance through a loan fund 3) repay through latecomer agreements.*	HART			
16	*Consolidate small sewer and water districts in urbanizing areas to provide more consistency in rates, achieve economies of scale, and reach public health and other goals. (Special District rules)*	HART			
17	*Latecomer agreements should be mandatory for all infrastructure investments, including roads and utility districts (expanding the requirement for construction of water and sewer facilities to other infrastructure for a twenty year period per HB 1717). Currently an option, and not mandatory. Fund from a low interest loan fund for infrastructure (ie PSAA)*	2013 Idea	20 years is an option under certain instances. Infrastructure is funded by the developer.	Carry forward	

#	*Planning Tools and Construction Recommendations*	Source	Status	HART's Recommendation	Language for Voting
18	*Examine prevailing wages and the concern about paying commercial prevailing wages, versus residential wages by L&I determination. Review 5-story rule that triggers commercial for whole building.*	2006 GMA Report		Carry forward	Need more information on this topic
19	*Prevailing wage: Clarify definition of commercial and residential projects, and which wages apply when. Direct L&I to manage the impact of commercial components on affordable housing projects.*	HART			
20	*Solidify L&I policies regarding wage rates and affordable housing development.*	HART		If a project is declared a "public work" vastly changes project timelines.	

Fritzel, Anne (COM)

From:	Nick Harper <NHarper@mbaks.com>
Sent:	Thursday, March 23, 2017 11:08 AM
To:	Fritzel, Anne (COM)
Cc:	Allison Butcher
Subject:	Builder/Developer Ideas

Anne:

Thanks again for the meeting yesterday. I mentioned that a couple of our members had a few additional ideas to share – here is a short synopsis:

Permit Timelines/Permit Process Efficiencies:

- **Determination of completeness/Notice to applicant: Modify the Local Project Review Act -- 36.70B.070(1) (a) and (b) – to state that an application is complete upon submittal (acceptance of the application by the city/county) where a submittal appointment is required.**

This would eliminate the 28 days for projects where a submittal appointment is required. If applicants are required to set up a submittal appointment and meet with city/county staff, then staff should be able to make the procedural completeness determination during the submittal appointment. The proposal would cut the timeline from 28 days to 14 days for projects submitted online or without an appointment. This would give city/county staff time to evaluate the application for procedural completeness.

Background/Explanation:
This would apply to projects that go through the Local Project Review Act. Currently, a jurisdiction can require a submittal appointment (which can take weeks to set up), accept the application during the submittal appointment, wait 28 days, and then send a letter stating the application is procedurally incomplete. Local government then has another 14 days after required information is re-submitted. This means that they haven't even reviewed the application, only deemed that the applicant is missing required elements for the application to be deemed procedurally complete for processing. The applicant then has to submit additional application materials, get back in the review queue, and upon a complete application staff then performs a first review. By cutting out this step, you could save months from a permit process.

There is no value in this extra time if the city/county reviews your application at a required submittal appointment to make sure you have all of the application materials. Many cities and counties already do this but others don't. Making a completeness determination at submittal does not bar local governments from asking for additional information needed to process an application. 36.70B.070(2) states that "The determination of completeness shall not preclude the local government from requesting additional information or studies…" Cities and counties would be protected because nothing requires them to take in your application if it is procedurally incomplete. Further, by accepting the application, they aren't saying you meet the code, only that you have met the procedural test for completeness (everything on the checklist is in the submittal). By changing this language, it would also make it clear when applicants vest their application. This would also save jurisdictions time and resources by not having to generate letters stating an application is incomplete or complete.

- **Change the final plat approval process for subdivisions as required by state law (RCW 58.17) from a legislative approval process to one that is administrative. (Currently have a bill before the legislature to address this issue: Senate Bill 5674)**

The final plat process should be handled exactly like the short plat process, which is done administratively. There is no need for a legislative body to approve. The preliminary plat application provides an opportunity to appeal, so removing the final plat approval process would not change the existing opportunity for public input or appeal. Eliminating this step would also save staff the time associated with preparing the final plat package for council.

- **Expand SEPA exemptions to apply to subdivisions where an EIS has already been done.**

- **Unit-lot subdivisions. Allow for subdivision of attached units.**

Several local jurisdictions have already taken action to allow fee simple ownership of unit lot subdivisions. A statewide measure would provide consistency in the application of this development tool and save those jurisdictions with limited staff the process of researching and adopting code individually.

MASTER BUILDERS ASSOCIATION of King and Snohomish Counties

Nick Harper
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Master Builders Association of King & Snohomish Counties

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McCaskill, Mark (COM)

From:	McCaskill, Mark (COM)
Sent:	Tuesday, March 21, 2017 4:36 PM
To:	'Svenja Gudell'
Cc:	Fritzel, Anne (COM) (anne.fritzel@commerce.wa.gov); Grossman, Emily (COM); Peter Orser (peterorser7@gmail.com)
Subject:	RE: Your call
Attachments:	201703211544.pdf

Svenja,

The attached pdf is Page 35 of the most recent "Planning Magazine" from the APA. I circled a section that states:

> "Curious, I asked the head of the home builders association in my area why, if it costs one of his members $400,000 (including a modest 12 percent return) to build a typical house, so few sell for that? (Zillow lists the median home in San Luis Obispo as about $639,000). He declined to comment." (Page 35, Planning Magazine March 2017)

Do you think a roughly similar situation is happening in the Seattle market?

I have a couple of statements and questions. Please correct me if I get the economic or finance principles wrong.

1. Neoclassical economics would predict that new suppliers (builders) would enter the market and that that housing prices would be driven toward the point of **economic profit** (not the accounting profit) = $0 (i.e the $400,000 cited above that has a 12% rate of return built in cited in the article).
2. Since this hasn't happened in San Luis Obispo and possibly in Seattle as well, in your opinion what are the barriers or distortions in the market that are preventing the supply curve from shifting:
    - High fixed costs acting as a barrier to entry? (Michael Porter 5 forces style?)
    - Active barriers to entry by existing suppliers (builders) in order to maintain high margins (i.e. Oligopolistic Behavior)?
    - Coordination Externalities (i.e. a missing component of the supply chain such as skilled labor, key inputs etc.)?
    - Risk-management, finance market and/or futures market failures?
    - Societal barriers to supply (NIMBYism, Citizens advocating for no-growth, tough zoning, planning and building code standards, old-fashioned exclusionary sentiment, public choice economics reasons)?
    - A breakdown in price signaling for some reason?
    - Combination and/or other?

I am trying to wrap my head around this. In my opinion the **industry structure of the supply-side** isn't talked about enough. People want to say that it is GMA, Planning or Zoning. But, they are not asking if there are inaccurate assumptions in the business models, profit assumptions, supply chains, or barriers to entry for new suppliers. Should someone be asking if there is enough " economic competition" on the supply side to make a competitive private market?

The GMA has been here since 1990, so it is unlikely that it is all the sudden "the only cause" of the problem. Growth Management and planning have been in place for decades.

Sincerely,

Department of Commerce

GMA IMPACT FEE FACT SHEET

Growth Management Services, Mark McCaskill, AICP, Managing Director
Telephone: 360.725.3055, email: mark.mccaskill@commerce.wa.gov

IMPACT FEES

Impact fees are one-time charges assessed against new development to defray the cost of new or expanded public facilities. Impact fees are imposed for system improvements that are reasonably related to the new development; and shall not exceed a proportionate share of the costs of system improvements that are reasonably related to the new development. Impact fees must be used to meet the needs of related growth, and cannot be used to meet existing needs in public facilities

USES OF IMPACT FEES

Impact fees may only be imposed by counties, cities, and towns planning under the Growth Management Act, and can be used to pay only for system improvements identified in a capital facilities plan element of the comprehensive plan adopted by the county or city.

- Transportation impact fees must be used for public streets and roads;
- Park impact fees must be used for publicly owned parks, open space, and recreation facilities;
- Fire impact fees must be used for fire protection facilities; and
- School impact fees are for school facilities. School impact fees are unique in that school districts are the entity that expends the impacts fees but must rely on counties and cities to collect them.

IMPACT FEE DEFERRAL

By September 1, 2016, counties, cities, and towns collecting impact fees were required to adopt a system for the deferred collection of impact fees for single-family detached and attached residential construction. The deferral system must include one or more of the following options:

- Deferring collection of the impact fee payment until final inspection;
- Deferring collection of the impact fee payment until certificate of occupancy or equivalent certification; or
- Deferring collection of the impact fee payment until the time of closing of the first sale of the property occurring after the issuance of the applicable building permit.

IMPACT FEES EXEMPTION FOR AFFORDABLE HOUSING

The local ordinance may provide an exemption from impact fees for low-income housing. For exemptions over eighty percent of impact fees, the remaining percentage must be paid from other public funds. Projects receiving exemption for low income housing must record a covenant that prohibits using the property for any purpose other than for low-income housing, and must address price restrictions and household income limits for the low-income housing. If the property is converted to a use other than for low-income housing, the property owner must pay the applicable impact fees in effect at the time of conversion.

Source: Municipal Research and Services Center. (2016, June 9). Impact Fees. Retrieved March 17, 2017, from http://mrsc.org/Home/Explore-Topics/Planning/Land-Use-Administration/Impact-Fees.aspx.

IMPACT FEE MANAGEMENT

The fees must be retained in separate accounts for each type of facility for which the fees are collected. The fees must be expended or encumbered within ten years of receipt except under extraordinary circumstances. Impact fees must be refunded if:

- The impact fee is not expended or encumbered within ten years of receipt;
- The impact fee is not expended or encumbered before the associated local government ends it impact fee program; or
- The developer does not proceed with the development and requests a refund.

STATUTORY AUTHORIZATION RCW 82.020.050 - .110, WAC 365-196-850

Source: Municipal Research and Services Center. (2016, June 9). Impact Fees. Retrieved March 17, 2017, from http://mrsc.org/Home/Explore-Topics/Planning/Land-Use-Administration/Impact-Fees.aspx.

Draft Housing Affordability Response Team (HART) Report Outline

Draft v. 4/4/2017

I. **Letter to Governor Inslee**

II. **Executive Summary**

III. **Introduction**
   a. Instructions from Governor Inslee
   b. HART's purpose statement
   c. **HART's general guiding principles/beliefs (for discussion during the 4/13 meeting)**

IV. **Methods**
   a. # of Meetings
   b. Participants
   c. Voting
   d. Stakeholder Outreach

V. **Funding and Finance**
   a. Related barriers to responsibly increasing the supply of housing at all economic levels
   b. Recommendations to overcome these barriers
   c. Areas for Further Research

VI. **Permitting and Construction**
   a. Related barriers to responsibly increasing the supply of housing at all economic levels
   b. Recommendations to overcome these barriers
   c. Areas for Further Research

VII. **Planning and Zoning**
   a. Related barriers to responsibly increasing the supply of housing at all economic levels
   b. Recommendations to overcome these barriers
   c. Areas for Further Research

VIII. **Other?**
   a. Related barriers to responsibly increasing the supply of housing at all economic levels
   b. Recommendations to overcome these barriers
   c. Areas for Further Research

IX. **Appendix**
   a. Gov. Inslee's Jan. 16, 2017 letter to M.A. Leonard
   b. HART Charter
   c. Full list of recommendations for voting (including those that were not selected for the report)
   d. Public/stakeholder comments
   e. Other?

Department of Commerce

PLANNING FOR HOUSING UNDER THE GMA

GMA GOAL FOR HOUSING

The Growth Management Act (GMA) includes a number of specific directives for how cities and counties should plan for housing, particularly affordable housing. The directives range from a requirement at the countywide level to plan for affordable housing to specific statutes address certain types of housing. The requirements apply in the 29 “fully planning” counties are that are required to plan under the GMA.

GMA GOAL FOR HOUSING

Implementation of the GMA is guided by 14 overlapping goals.[1]
The GMA housing goal calls for promoting a variety of residential densities and housing types, encouraging the availability of affordable housing for all economic segments of the population, and preservation of existing housing stock. . Other related goals are as follows:

(1) Encourage development in urban areas where adequate public facilities and services exist, or can be provided in an efficient manner.
(2) Reduce the inappropriate conversion of undeveloped land into sprawling, low-density development.
(12) Ensure that those public facilities and services necessary to support development shall be adequate to serve the development at the time the development is available for occupancy and use without decreasing current service levels below locally established minimum standards.

COUNTYWIDE PLANNING POLICIES ARE TO CONSIDER THE NEED FOR AFFORDABLE HOUSING

All cities and the county must agree how they will address issues of a countywide nature such as transportation, siting public facilities, and growth and development. Countywide planning must also include policies *that consider the need for affordable housing, such as housing for all economic segments of the population and parameters for its distribution*.[2]

COMPREHENSIVE PLANNING

Cities and counties planning under the Growth Management Act (GMA) must include five basic elements in their comprehensive plans; land use, transportation, housing, utilities and capital facilities. Counties must also include a rural element. The land use element is where *population densities, building intensities, and estimates of future population growth* are located in the plan. In developing the land use element, local governments must consider countywide population trends, as well as local factors. Each county receives 20-year population projection from the State Office of Financial Management. The county, cities, and towns work together to allocate the countywide population to individual jurisdictions based on local land capacity, availability of capital facilities, and local vision. The majority of new growth should be planned inside designated urban growth areas, but the intensity and distribution of uses is left to local discretion.

The housing element should ensure the *vitality and character of established residential neighborhoods* and must contain at least the following features:

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[1] RCW 36.70A.020(4)
[2] RCW 36.70A.210 (e)

A. *An inventory and analysis of existing and projected housing needs that identifies the number of housing units necessary to manage projected growth.* This comes from the portion of the countywide population projection allocated to the city or town, or county, translated from individuals to housing units generally based on countywide household size. City and town population should consider both the new households inside the city limits and those in any unincorporated urban growth boundary, intended to annex to that jurisdiction.

B. A statement of the goals, policies, and objectives for the preservation, improvement, and development of housing, including single-family residences.

C. Identification of sufficient land for housing, including, but not limited to, government-assisted housing, housing for low-income families, manufactured housing, multifamily housing, group homes and foster care facilities.

D. Adequate provisions for existing and projected housing needs of all economic segments of the community. RCW 36.70A.070(2).

WAC 365-196-410 provides advisory guidance on how to develop the housing element.

RCW 36.70A.540: AFFORDABLE HOUSING INCENTIVE PROGRAMS

Any city or county planning under the GMA may enact or expand affordable housing incentive programs providing for the development of low-income housing units through development regulations or conditions on rezoning or permit decisions, or both, on residential; commercial; industrial, or mixed-use development. *Legislative Finding: "The legislature finds that as new market-rate housing developments are constructed and housing costs rise, there is a significant and growing number of low-income households that cannot afford market-rate housing in Washington State. The legislature encourages cities, towns, and counties to enact or expand affordable housing incentive programs, including density bonuses and other incentives, to increase the availability of low-income housing for renter and owner occupancy that is located in largely market-rate housing developments throughout the community, consistent with local needs and adopted comprehensive plans.* (Added to the GMA in 2006)

GROWTH MANAGEMENT HEARINGS BOARDS ON HOUSING (CENTRAL PUGET SOUND)

- Nothing in the GMA or the countywide planning policies requires a jurisdiction to show a detailed plan as to how affordable housing policies will be achieved. [*Benaroya, 95-3-0072c,* FDO, at 26.]
- Petitioner's assertion that small lot single-family zoning is the key to providing affordable housing for low to middle-income family misses the mark. Under RCW 36.70A.070(2)(c), JURISDICTION **must demonstrate that it has identified sufficient land for residential development**, and it has done so in the record. JURISDICTION has the discretion to determine the zoning required – whether small lot, duplex, multi-family, or mixed use – **so long as the plan includes sufficient land for housing all economic segments of its community**. . . [*Futurewise V, 07-3-0014*, FDO, at 10.]
- The Board observes that the affordable housing percentages for income levels are targets to be adjusted and/or met over the 20-year life of the Plan. One should not expect them to be achieved half-way into the Plan's time horizons. Peaks and valleys in progress will obviously occur over time depending upon numerous factors. But **monitoring progress** toward the targets is essential – which the County clearly does as reflected in the Housing Appendix and Benchmarks Reports. [*S/K Realtors, 04-3- 0028*, FDO, at 36.]

FOR MORE INFORMATION

NSP and GMA Housing Planning Guidebook: Lessons for Future Housing Plans, 2014 (PDF)

Anne.Fritzel@commerce.wa.gov Growth Management Services, 360.725.3064

RCW 36.70A.540

Affordable housing incentive programs—Low-income housing units.

(1)(a) Any city or county planning under RCW **36.70A.040** may enact or expand affordable housing incentive programs providing for the development of low-income housing units through development regulations or conditions on rezoning or permit decisions, or both, on one or more of the following types of development: Residential; commercial; industrial; or mixed-use. An affordable housing incentive program may include, but is not limited to, one or more of the following:

(i) Density bonuses within the urban growth area;

(ii) Height and bulk bonuses;

(iii) Fee waivers or exemptions;

(iv) Parking reductions; or

(v) Expedited permitting.

(b) The city or county may enact or expand such programs whether or not the programs may impose a tax, fee, or charge on the development or construction of property.

(c) If a developer chooses not to participate in an optional affordable housing incentive program adopted and authorized under this section, a city, county, or town may not condition, deny, or delay the issuance of a permit or development approval that is consistent with zoning and development standards on the subject property absent incentive provisions of this program.

(2) Affordable housing incentive programs enacted or expanded under this section shall comply with the following:

(a) The incentives or bonuses shall provide for the development of low-income housing units;

(b) Jurisdictions shall establish standards for low-income renter or owner occupancy housing, including income guidelines consistent with local housing needs, to assist low-income households that cannot afford market-rate housing. Low-income households are defined for renter and owner occupancy program purposes as follows:

(i) Rental housing units to be developed shall be affordable to and occupied by households with an income of fifty percent or less of the county median family income, adjusted for family size;

(ii) Owner occupancy housing units shall be affordable to and occupied by households with an income of eighty percent or less of the county median family income, adjusted for family size. The legislative authority of a jurisdiction, after holding a public hearing, may establish lower income levels; and

(iii) The legislative authority of a jurisdiction, after holding a public hearing, may also establish higher income levels for rental housing or for owner occupancy housing upon finding that higher income levels are needed to address local housing market conditions. The higher income level for rental housing may not exceed eighty percent of the county area median family income. The higher income level for owner occupancy housing may not exceed one hundred percent of the county area median family income. These established higher income levels are considered "low-income" for the purposes of this section;

(c) The jurisdiction shall establish a maximum rent level or sales price for each low-income housing unit developed under the terms of a program and may adjust these levels or prices based on the average size of the household expected to occupy the unit. For renter-occupied housing units, the total housing costs, including basic utilities as determined by the jurisdiction, may not exceed thirty percent of the income limit for the low-income housing unit;

(d) Where a developer is utilizing a housing incentive program authorized under this section to develop market rate housing, and is developing low-income housing to satisfy the requirements of the housing incentive program, the low-income housing units shall be provided in a range of sizes comparable to those units that are available to other residents. To the extent practicable, the number of bedrooms in low-income units must be in the same proportion as the number of bedrooms in units within the entire development. The low-income units shall generally be distributed throughout the development and have substantially the same functionality as the other units in the development;

(e) Low-income housing units developed under an affordable housing incentive program shall be committed to continuing affordability for at least fifty years. A local government, however, may accept payments in lieu of continuing affordability. The program shall include measures to enforce continuing affordability and income standards applicable to low-income units constructed under this section that may include, but are not limited to, covenants, options, or other agreements to be executed and recorded by owners and developers;

(f) Programs authorized under subsection (1) of this section may apply to part or all of a jurisdiction and different standards may be applied to different areas within a jurisdiction or to different types of development. Programs authorized under this section may be modified to meet local needs and may include provisions not expressly provided in this section or RCW **82.02.020**;

(g) Low-income housing units developed under an affordable housing incentive program are encouraged to be provided within developments for which a bonus or incentive is provided. However, programs may allow units to be provided in a building located in the general area of the development for which a bonus or incentive is provided; and

(h) Affordable housing incentive programs may allow a payment of money or property in lieu of low-income housing units if the jurisdiction determines that the payment achieves a result equal to or better than providing the affordable housing on-site, as long as the payment does not exceed the approximate cost of developing the same number and quality of housing units that would otherwise be developed. Any city or county shall use these funds or property to support the development of low-income housing, including support provided through loans or grants to public or private owners or developers of housing.

(3) Affordable housing incentive programs enacted or expanded under this section may be applied within the jurisdiction to address the need for increased residential development, consistent with local growth management and housing policies, as follows:

(a) The jurisdiction shall identify certain land use designations within a geographic area where increased residential development will assist in achieving local growth management and housing policies;

(b) The jurisdiction shall provide increased residential development capacity through zoning changes, bonus densities, height and bulk increases, parking reductions, or other regulatory changes or other incentives;

(c) The jurisdiction shall determine that increased residential development capacity or other incentives can be achieved within the identified area, subject to consideration of other regulatory controls on development; and

(d) The jurisdiction may establish a minimum amount of affordable housing that must be provided by all residential developments being built under the revised regulations, consistent with the requirements of this section.

[**2009 c 80 § 1; 2006 c 149 § 2.**]

NOTES:

Findings—2006 c 149: "The legislature finds that as new market-rate housing developments are constructed and housing costs rise, there is a significant and growing number of low-income households that cannot afford market-rate housing in Washington state. The legislature finds that assistance to low-income households that cannot afford market-rate housing requires a broad variety of tools to address this serious, statewide problem. The legislature further finds that absent any incentives to provide low-income housing, market conditions will result in housing developments in many areas that lack units affordable to low-income households, circumstances that can cause adverse socioeconomic effects.

The legislature encourages cities, towns, and counties to enact or expand affordable housing incentive programs, including density bonuses and other incentives, to increase the availability of low-income housing for renter and owner occupancy that is located in largely market-rate housing developments throughout the community, consistent with local needs and adopted comprehensive plans. While this act establishes minimum standards for those cities, towns, and counties choosing to implement or expand upon an affordable housing incentive program, cities, towns, and counties are encouraged to enact programs that address local circumstances and conditions while simultaneously contributing to the statewide need for additional low-income housing." [**2006 c 149 § 1.**]

Construction—2006 c 149: "The powers granted in this act are supplemental and additional to the powers otherwise held by local governments, and nothing in this act shall be construed as a limit on such powers. The authority granted in this act shall extend to any affordable housing incentive program enacted or expanded prior to June 7, 2006, if the extension is adopted by the applicable local government in an ordinance or resolution." [**2006 c 149 § 4.**]

The Review and Evaluation (aka Buildable Lands) Program

- The Buildable Lands Legislation requires the six largest western Washington counties (King, Pierce, Snohomish, Kitsap, Clark and Thurston counties) to monitor their land supply for population and employment growth.
- This review is intended to assure that sufficient land is available to accommodate the growth projected for those counties.

THE GMA REQUIRES COUNTIES TO:

- Establish the program in cooperation with the cities.
- Collect and analyze data on an ongoing basis; and produce a report every eight years[1] to determine whether counties and their cities are achieving urban densities within urban growth areas. Counties are to compare growth and development assumptions, targets, and objectives contained in the countywide planning policies and the county and city comprehensive plans with actual growth and development that has occurred in the county and its cities.
- The analysis determines whether there is sufficient buildable land to accommodate the growth projected for the county and its cities within the next 20 years.
- If urban densities are not being achieved, the county and affected cities must adopt and implement corrective actions (reasonable measures) to increase consistency between planned and actual development.

THE GMA REQUIRES COMMERCE TO:

- Provide technical assistance to counties and cities to help them comply with Buildable Lands requirements - Commerce convened the Buildable Lands Advisory Committee comprising of staff from all six counties.
- Develop guidelines and reports – Commerce has completed two publications, the Buildable Lands Program Guidelines, and the Buildable Lands Effectiveness Report with the help of the Advisory Committee.

THE GMA REQUIRES COUNTIES TO:

- Submit Buildable Lands to Commerce. These reports supply the primary outcome measure for Priorities of Government: *Percentage of Development Occurring Inside the UGA*.
- The reports show that percentage of new residential development inside urban growth areas increased from 84% in 2001 to 95% in 2012.

[1] In 2011, this evaluation was linked to the eight-year update cycle, replacing the 5-year reporting requirement.

BUILDABLE LANDS CHALLENGES:

- **Funding:** Funding for Buildable Lands was more than $2.5 million in the 1999 – 2001 Biennium. Today, there is no funding for the program and the six counties are struggling to comply with the mandate. Commerce responded to the budget challenge by developing recommendations for a less expensive, streamlined program. Some stakeholders have objected to the streamlined guidance stating that it is not sufficient to determine if land is truly buildable.
- **Report Assumptions:** Much of the debate over the buildable lands program revolves around what assumptions counties and cities make about land markets. Key assumptions include: how much capacity can be attributed to underused land; when capital facilities upgrades will be constructed; whether difficult-to-build on properties should be considered buildable. These assumptions vary by county, reflecting the significantly different market conditions in different parts of the state. Recent proposed legislation attempted to create a one-size-fits-all set of assumptions that all counties must use.
- **Affected Counties:** In recent legislative sessions, Buildable Lands bills have been proposed that would expand the Buildable Lands program to every fully planning county in the state. Many faster growing counties already have some kind of growth monitoring program. Expanding this requirement to all counties would be a significant burden for rural counties.

KEY STATUTES

- RCW 36.70A.215 – Contains the Buildable Lands program requirements.
- RCW 36.70A.115 – Related requirements that counties and cities must provide sufficient land capacity.
- WAC 365-196-315 – Administrative Rules Implementing the Buildable Lands Program

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	Housing Element and Buildable Lands	Source	Status	HART's Recommendation	Revised Language for Voting (if needed)
1	*Provide dedicated and sufficient funding to the "Buildable Lands Counties" to develop and produce the Buildable Lands Reports already required by statute*	AHAB 2006	Not implemented		Updated
2	*Provide dedicated and sufficient funding to "Buildable Lands" counties to develop new information on land capacity for development. Reports should include information that enhances the description of the development potential of land. E.g., a tiering of levels of analysis that identifies land suitable for development, such as land that is currently available with current infrastructure and land that is potentially available with funded infrastructure.*	AHAB 2006	Not imple-mented		
3	*Provide state funding for plans and zoning that require or encourage a diversity of housing choices and types – e.g. minimum densities, bonus densities for affordable housing, cottage housing, accessory dwelling units (ADUs), and mixed-used development.*	2006 GMA Report	2017 decision package in Gov's budget for competitive grants for affordable housing	Carry Forward from March 22 mtg.	
4	*Provide resources for local governments to do GMA plans, and the other planning required to facilitate development.*	HART 2017	New	From March 22, bring April 13	Removed buildable lands as a duplication.
5	*Provide incentives to local governments to meet affordable housing goals in GMA plans. Add affordabily requirements to Housing Element requirements*	HART 2017	New	Carry Forward from March 22 mtg.	

6	*Cities planning under the GMA should be required to plan to accommodate growth targets.*	HART 2017		From March 22, bring April 13	
7	*In the absence of finding incentives for cities to meet their housing and growth targets under GMA, cities should be held accountable to accept their share of the region's housing needs.*	2013 Idea	Not imple-mented	Carry Forward from March 22 mtg.	Removed "real" from incentives it was unclear what this meant.
8	*Cities should do their part to up-zone within their borders and reform their development regulations to achieve minimum net urban densities and accommodate new growth.*	2013 Idea	Not implemented	Carry forward - former big idea divided into several ideas.	
9	*Commerce should be required (outside of its reporting requirements for "Buildable Lands" under RCW 36.70A.215) to report to the Governor and Legislature annually information detailing the net change in the number of housing units and the number of jobs by jurisdiction for each county within a Metropolitan Statistical Area, and where available, for each city. The first report could include a summary for the period from 1990 (the inception of the GMA) to present.*	AHAB 2006	Not imple-mented		

10	*Provide education for the development community, elected officials, planners and the public on these tools*	2006 GMA Report	Not implemented	Carry forward for voting with revisions	Provide education on housing tools, how finance, marketing, regulations, community entitlements work – aimed at community members and developers.
11	*The Task Force recommends that a longer-term process be convened in which key stakeholders further explore issues related to the impacts of land availability and capacity on the affordability of housing, and recommend strategies for ensuring a sufficient supply of buildable land is available to achieve affordable housing goals. Some of the recommendations should also address issues of land capacity and availability in eastern Washington and rural communities, even though they are not buildable lands reporting counties.*	AHAB 2006	Not imple-mented		Updated to present time.

Legislation Related to Affordable Housing
2017 Legislative Session
(as of 2/22/17)

This is a compilation of bills introduced in the 2017 Legislative Session relating to affordable housing. This list is provided to inform the discussions of the 2017 Housing Affordability Response Team. For information on the status and current versions of individual bills, go to http://apps.leg.wa.gov/billinfo/.

Planning Tools: *Growth Management Act (GMA) and Other Planning Revisions*

HB 1748: Addressing affordable housing opportunities in rural communities by:

- Eliminating measures that must be included in the rural element of the comprehensive plan under the GMA that protect the rural character of rural areas; and
- Declaring that rural development outside of urban growth areas under the GMA includes the use of exempt wells without restriction.

HB 1846/5615: Authorizing the development of new manufactured housing communities outside of urban growth areas under the GMA.

SHB 1987: Allowing affordable housing development on religious organization property. Prevents governing bodies of cities and counties from restricting the density of affordable housing development on property owned by a religious organization under certain conditions.

Buildable Lands

SSB 5254: Ensuring adequacy of buildable lands and zoning in urban growth areas and providing funding for low-income housing and homelessness programs. The bill:

- Amends the buildable lands program under the GMA, including adding factors to the land capacity analysis and adding a housing supply and affordability review requirement.
- Limits regional transportation planning organizations' (RTPOs) authority regarding adopting targets for and certifying maximum population, household, employment and/or job growth targets to member counties, cities and towns.
- Prohibits countywide or multicounty planning policies from adopting maximum population, household, job and/or employment growth targets for allocation to local governments.
- Requires the Office of Financial Management's annual population trends report to include information of jobs and housing for the counties.
- Directs Commerce to conduct a study and make recommendations regarding time of reports and various assumptions contained in city and county growth targets.
- Creates a property tax exemption program for cities and counties— unincorporated areas only—to preserve affordable housing for low-income households.
- Requires updates to the state and local homeless housing plans.

This bill is very long and complicated, and is changing daily. This is a very high level summary of its provisions.

State Environmental Policy Act (SEPA) Revisions

HB 1009: Clarifying that the authority to mitigate environmental impacts under the state environmental policy act applies only to significant adverse environmental impacts

HB 1013: Reducing overlap between the state environmental policy act and other laws.

SHB 1086/5438: Promoting the completion of the environmental impact statement (EIS) within two years. Directs lead agencies to aspire to complete EIS's within two years of making a threshold determination; and to report back to the Legislature explaining the reason an EIS is late, an estimate of when it will be completed, and a plan for completion.

HB 1740: Extends until 2028, the termination of an option that allows a city to adopt an element of its comprehensive plan that allows certain developments consistent with the optional elements to be exempt from appeal under SEPA. Also requires that 20 percent of dwelling units in a project completed under a city's optional comprehensive plan element must be set aside for affordable housing in order for the project to be exempt from appeal under SEPA.

HB 1745: Creates a categorical exemption under SEPA for development proposals that are consistent with locally adopted land use and shoreline regulations.

Development, Permitting, and Construction

HB 1085: Regulating the minimum dimensions of habitable spaces in single-family residential areas. Legislature finds a growing need for ecologically sustainable and affordable housing, and finds small home construction as a way to meet this need. The bill would allow counties, cities and towns to reduce or eliminate minimum gross floor area requirements for single-family dwellings below the minimum requirements of the state building code.

Provision of Affordable Housing

HB 1044: Requiring that at least 25 percent of the Housing Trust Fund appropriation be used for homeownership projects. A homeownership project may include, but is not limited to, down payment assistance, self-help projects, and short-term production loans. The funding set aside may be used nonexclusively for a number of types of housing units.

SHB 1532/SB 5143: Concerning the exemption of property taxes for nonprofit homeownership development. Clarifies the property tax exemption for nonprofit homeownership development by specifying that land that is to be leased for 99 years or life to a low-income household is included in the exemption. Specifies that the lease of the exempted land to a low-income household terminates the property tax exemption.

HB 1616: Clarifying the type of land eligible for purchase to include improved land under the affordable housing land acquisition revolving loan fund program.

SB 5482: Relating to the preservation and creation of affordable housing. Two percent of the proceeds of the real estate excise tax currently allocated to the Public Works Assistance Account would be re-allocated to the Housing Trust Fund.

HB 1752: Supporting the development of affordable housing in urban areas by:

- Creating the Affordable Housing Land Bank (Land Bank) within the Department of Commerce to hold and lease publically owned land for the construction and development of affordable housing within certain urban development areas.
- Requiring certain governmental entities to remit 20 percent of public lands sales to provide funding for the Housing Trust Fund.
- Allowing governmental entities to transfer or lease property within an urban development area into the Land Bank to obtain an exemption from the 20 percent remittance of a land sale.

<u>Tax Incentives</u>

HB 1797: Encouraging affordable housing development and preservation by:

- Allowing cities to apply for a one-time remittance of 4.37 percent of the state sales and use tax on public purchases for affordable housing development or public infrastructure to support such development.
- Allowing the governing body of a county with a population over 1.5 million and the cities within such county to authorize the existing 0.1 percent local sales and use tax used for mental health services and affordable housing.
- Allowing revenue from the local real estate excise tax (REET II) to be used for affordable housing development through 2022, so long as other local capital projects have adequate funding.

HB 1998: Providing a property tax exemption for mobile homes, manufactured homes, and park model trailers that were manufactured prior to 1976.

HB 2051: Increasing affordable housing opportunities in targeted areas. Eliminates the requirement for the multi-family tax abatement program that qualifying new development or rehabilitation be in an urban growth area.

SSB 5182: Providing local governments with options to preserve affordable housing in their communities. Allows a city or county to adopt a property tax exemption program to preserve affordable housing for very low-income households. To qualify for this exemption, a minimum of 25 percent of units in a multiple-unit property must be affordable, and in return the property is exempt from local property taxes for 15 consecutive years.

<u>Infrastructure Financing</u>

HB 1324/SB 5088: Creates a new program within the Housing Finance Commission to provide financing for local infrastructure projects through the issuance of bonds or loans.