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**SUBSTITUTE SENATE BILL 5254**

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**State of Washington 65th Legislature 2017 Regular Session**

**By** Senate Local Government (originally sponsored by Senators Fain, Palumbo, Zeiger, Angel, Hobbs, and Mullet)

AN ACT Relating to ensuring adequacy of buildable lands and zoning in urban growth areas and providing funding for low-income housing and homelessness programs; amending RCW 36.70A.115, 36.70A.215, 36.70A.070, 47.80.023, 36.70A.210, 43.62.035, 36.70A.110, 36.22.179, 82.46.037, 43.185C.030, 43.185C.040, 43.185C.160, 36.22.178, 36.22.1791, 43.185C.240, 43.21C.440, and 43.21C.229; adding a new section to chapter 43.185C RCW; adding a new chapter to Title 84 RCW; and creating new sections.

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

**Sec.**  RCW 36.70A.115 and 2009 c 121 s 3 are each amended to read as follows:

(1) Counties and cities that are required or choose to plan under RCW 36.70A.040 shall ensure that, taken collectively, adoption of and amendments to their comprehensive plans and/or development regulations provide sufficient capacity of land suitable for development within their jurisdictions to accommodate their allocated housing and employment growth, including the accommodation of, as appropriate, the medical, governmental, educational, institutional, commercial, and industrial facilities related to such growth, as adopted in the applicable countywide planning policies and consistent with the twenty-year population forecast from the office of financial management. Counties, and the cities within those counties, that are subject to the review and evaluation program of RCW 36.70A.215, shall also utilize the review and evaluation criteria set forth in RCW 36.70A.215(3) when conducting the land capacity analysis required by this section.

(2) This chapter does not prevent a county or city that is required to or chooses to plan under RCW 36.70A.040 from planning to accommodate more than its allocated housing and/or employment growth.

**Sec.**  RCW 36.70A.215 and 2011 c 353 s 3 are each amended to read as follows:

(1) Subject to the limitations in subsection ((~~(7)~~)) (6) of this section, a county shall adopt, in consultation with its cities, countywide planning policies to establish a review and evaluation program. This program shall be in addition to the requirements of RCW 36.70A.110, 36.70A.130, and 36.70A.210. In developing and implementing the review and evaluation program required by this section, the county and its cities shall consider information from other appropriate jurisdictions and sources. The purpose of the review and evaluation program shall be to:

(a) Determine whether a county and its cities are achieving urban densities within urban growth areas by comparing 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; and

(b) Identify reasonable measures, other than adjusting urban growth areas, that will be taken to comply with the requirements of this chapter.

(2) The review and evaluation program shall:

(a) Encompass land uses and activities both within and outside of urban growth areas and provide for annual collection of data on urban and rural land uses, development, critical areas, and capital facilities to the extent necessary to determine the quantity and type of land suitable for development, both for residential and employment-based activities;

(b) Provide for evaluation of the data collected under (a) of this subsection as provided in subsection (3) of this section. The evaluation shall be completed no later than one year prior to the deadline for review and, if necessary, update of comprehensive plans and development regulations as required by RCW 36.70A.130. The county and its cities may establish in the countywide planning policies indicators, benchmarks, and other similar criteria to use in conducting the evaluation;

(c) Provide for methods to resolve disputes among jurisdictions relating to the countywide planning policies required by this section and procedures to resolve inconsistencies in collection and analysis of data; and

(d) Provide for the amendment of the countywide policies and county and city comprehensive plans as needed to remedy an inconsistency identified through the evaluation required by this section, or to bring these policies into compliance with the requirements of this chapter.

(3) At a minimum, the evaluation component of the program required by subsection (1) of this section shall:

(a) Determine whether there is sufficient suitable land to accommodate the countywide population projection established for the county pursuant to RCW 43.62.035 and the subsequent population allocations within the county and between the county and its cities and the requirements of RCW 36.70A.110, and this determination is required to include the following factors:

(i) Utilize a reasonable land market supply factor that reduces the amount of land suitable to accommodate new development, which reasonable land market supply factor must include an assessment of the willingness of existing landowners to develop, redevelop, or sell their property for development or redevelopment, including but not limited to both consumption demand (i.e., satisfying the housing market demand for development and redevelopment parcels) and the reductions that occur due to speculative demand (i.e., the demand driven by owners' decisions to hold property for potential higher future returns). However, if a percentage factor for speculative demand cannot be calculated based on local data, then a factor of fifty percent must be used;

(ii) When determining a redevelopment threshold (i.e., a ratio of existing improvement value to land value), adjust that threshold to recognize that even with an identical redevelopment threshold ratio, smaller lots and lots in less expensive areas are less likely to redevelop than larger lots and lots in more expensive areas;

(iii) When determining a redevelopment threshold, adjust that threshold to recognize a percentage of land available for redevelopment will be redeveloped in its entirety, whereas another percentage will retain an existing improvement, with additional development added to only a portion of the site;

(iv) Utilize adjustments that incorporate the likelihood that redevelopment will not occur if the costs to redevelop will exceed the likely profit to be made;

(v) Utilize adjustments that evaluate the adequacy of infrastructure currently available to serve property, including but not limited to transportation, water, sewer, and stormwater, and the cost to provide new or upgraded infrastructure if required to serve redevelopment;

(vi) Utilize adjustments for the types of housing and commercial development that may drive development patterns that are different than the initial analysis concludes, including variations in type of development and variations in migration patterns, and household size and income, and market demand for different types of housing, including detached, attached low-rise, attached mid-rise, and attached high-rise housing; and

(vii) Utilize adjustments that address physical factors of certain properties which, while not protected critical areas, still limit desirability or the profitability of land for development or redevelopment;

(b) Determine the actual density of housing that has been constructed and the actual amount of land developed for commercial and industrial uses within the urban growth area since the adoption of a comprehensive plan under this chapter or since the last periodic evaluation as required by subsection (1) of this section; and

(c) Based on the actual density of development as determined under (b) of this subsection, review commercial, industrial, and housing needs by type and density range to determine the amount of land needed for commercial, industrial, and housing for the remaining portion of the twenty-year planning period used in the most recently adopted comprehensive plan.

(4) If the evaluation required by subsection (3) of this section demonstrates an inconsistency between what has occurred since the adoption of the countywide planning policies and the county and city comprehensive plans and development regulations and what was envisioned in those policies and plans and the planning goals and the requirements of this chapter, as the inconsistency relates to the evaluation factors specified in subsection (3) of this section, the county and its cities shall adopt and implement measures that are reasonably likely to increase consistency during the subsequent five-year period. If necessary, a county, in consultation with its cities as required by RCW 36.70A.210, shall adopt amendments to countywide planning policies to increase consistency. The county and its cities shall annually monitor the measures adopted under this subsection to determine their effect and may revise or rescind them as appropriate.

(5)((~~(a) Not later than July 1, 1998, the department shall prepare a list of methods used by counties and cities in carrying out the types of activities required by this section. The department shall provide this information and appropriate technical assistance to counties and cities required to or choosing to comply with the provisions of this section.~~

~~(b) By December 31, 2007, the department shall submit to the appropriate committees of the legislature a report analyzing the effectiveness of the activities described in this section in achieving the goals envisioned by the countywide planning policies and the comprehensive plans and development regulations of the counties and cities.~~

~~(6)~~)) From funds appropriated by the legislature for the 2017-2019 fiscal biennium for this purpose, the department shall provide grants to counties, cities, and regional planning organizations required under subsection ((~~(7)~~)) (6) of this section to conduct the review and perform the evaluation required by this section. This review must be completed by June 30, 2018.

((~~(7)~~)) (6) The provisions of this section shall apply to counties, and the cities within those counties, that were greater than one hundred fifty thousand in population in 1995 as determined by office of financial management population estimates and that are located west of the crest of the Cascade mountain range, and to counties and cities within those counties located east of the crest of the Cascade mountain range that were greater than one hundred seventy-five thousand in population in 2015 as determined by the office of financial management population estimates. Any other county planning under RCW 36.70A.040 may carry out the review, evaluation, and amendment programs and procedures as provided in this section.

(7) The department of commerce, through a contract with the urban land institute, shall develop guidance for local governments on the evaluation program in subsection (3) of this section. The department of commerce shall enable appropriate public participation by affected stakeholders in the development of the guidance. This guidance must be completed by December 1, 2017.

**Sec.**  RCW 36.70A.070 and 2015 c 241 s 2 are each amended to read as follows:

The comprehensive plan of a county or city that is required or chooses to plan under RCW 36.70A.040 shall consist of a map or maps, and descriptive text covering objectives, principles, and standards used to develop the comprehensive plan. The plan shall be an internally consistent document and all elements shall be consistent with the future land use map. A comprehensive plan shall be adopted and amended with public participation as provided in RCW 36.70A.140. Each comprehensive plan shall include a plan, scheme, or design for each of the following:

(1) A land use element designating the proposed general distribution and general location and extent of the uses of land, where appropriate, for agriculture, timber production, housing, commerce, industry, recreation, open spaces, general aviation airports, public utilities, public facilities, and other land uses. The land use element shall include population densities, building intensities, and estimates of future population growth. The land use element shall provide for protection of the quality and quantity of groundwater used for public water supplies. Wherever possible, the land use element should consider utilizing urban planning approaches that promote physical activity. Where applicable, the land use element shall review drainage, flooding, and storm water run-off in the area and nearby jurisdictions and provide guidance for corrective actions to mitigate or cleanse those discharges that pollute waters of the state, including Puget Sound or waters entering Puget Sound.

(2) A housing element ensuring the vitality and character of established residential neighborhoods that: (a) Includes an inventory and analysis of existing and projected housing needs that identifies the number of housing units necessary to manage projected growth; (b) includes a statement of goals, policies, objectives, and mandatory provisions for the preservation, improvement, and development of housing, including single-family residences; (c) identifies sufficient land for housing, including, but not limited to, government-assisted housing, housing for low-income families, manufactured housing, multifamily housing, and group homes and foster care facilities; and (d) makes adequate provisions for existing and projected needs of all economic segments of the community.

(i) After July 1, 2019, counties and cities subject to this section must conduct a housing supply and affordability review and amend comprehensive plans and development regulations to encourage increased supply of residential housing whenever the following population and housing market conditions occur:

(A) The office of financial management's annual forecast shows that actual population within that county is higher than the office of financial management's twenty-year population forecast used by the county and cities in its current comprehensive plan; or

(B) The housing affordability index for that county is less than one hundred; and

(C) Less than four months of residential inventory is available within that county for two out of the last six quarters.

(ii) Counties and cities shall utilize data from the office of financial management for purposes of evaluating (d)(i) of this subsection.

(iii) The housing supply and affordability review must, at a minimum, either increase the capacity for residential development to accommodate the office of financial management's high population estimate under RCW 43.62.035; or provide an analysis demonstrating how that jurisdiction's inventory, affordability, or excess growth can be addressed through other strategies.

(iv) Counties and cities are required to initiate adoption of a housing supply and affordability review within three months of meeting the criteria in (d)(i) of this subsection, and shall complete adoption within one hundred eighty days. However, no local government is required to implement this process more than twice during the eight-year period between the mandatory comprehensive plan update deadlines in RCW 36.70A.130(5).

(3) A capital facilities plan element consisting of: (a) An inventory of existing capital facilities owned by public entities, showing the locations and capacities of the capital facilities; (b) a forecast of the future needs for such capital facilities; (c) the proposed locations and capacities of expanded or new capital facilities; (d) at least a six-year plan that will finance such capital facilities within projected funding capacities and clearly identifies sources of public money for such purposes; and (e) a requirement to reassess the land use element if probable funding falls short of meeting existing needs and to ensure that the land use element, capital facilities plan element, and financing plan within the capital facilities plan element are coordinated and consistent. Park and recreation facilities shall be included in the capital facilities plan element.

(4) A utilities element consisting of the general location, proposed location, and capacity of all existing and proposed utilities, including, but not limited to, electrical lines, telecommunication lines, and natural gas lines.

(5) Rural element. Counties shall include a rural element including lands that are not designated for urban growth, agriculture, forest, or mineral resources. The following provisions shall apply to the rural element:

(a) Growth management act goals and local circumstances. Because circumstances vary from county to county, in establishing patterns of rural densities and uses, a county may consider local circumstances, but shall develop a written record explaining how the rural element harmonizes the planning goals in RCW 36.70A.020 and meets the requirements of this chapter.

(b) Rural development. The rural element shall permit rural development, forestry, and agriculture in rural areas. The rural element shall provide for a variety of rural densities, uses, essential public facilities, and rural governmental services needed to serve the permitted densities and uses. To achieve a variety of rural densities and uses, counties may provide for clustering, density transfer, design guidelines, conservation easements, and other innovative techniques that will accommodate appropriate rural densities and uses that are not characterized by urban growth and that are consistent with rural character.

(c) Measures governing rural development. The rural element shall include measures that apply to rural development and protect the rural character of the area, as established by the county, by:

(i) Containing or otherwise controlling rural development;

(ii) Assuring visual compatibility of rural development with the surrounding rural area;

(iii) Reducing the inappropriate conversion of undeveloped land into sprawling, low-density development in the rural area;

(iv) Protecting critical areas, as provided in RCW 36.70A.060, and surface water and groundwater resources; and

(v) Protecting against conflicts with the use of agricultural, forest, and mineral resource lands designated under RCW 36.70A.170.

(d) Limited areas of more intensive rural development. Subject to the requirements of this subsection and except as otherwise specifically provided in this subsection (5)(d), the rural element may allow for limited areas of more intensive rural development, including necessary public facilities and public services to serve the limited area as follows:

(i) Rural development consisting of the infill, development, or redevelopment of existing commercial, industrial, residential, or mixed-use areas, whether characterized as shoreline development, villages, hamlets, rural activity centers, or crossroads developments.

(A) A commercial, industrial, residential, shoreline, or mixed-use area are subject to the requirements of (d)(iv) of this subsection, but are not subject to the requirements of (c)(ii) and (iii) of this subsection.

(B) Any development or redevelopment other than an industrial area or an industrial use within a mixed-use area or an industrial area under this subsection (5)(d)(i) must be principally designed to serve the existing and projected rural population.

(C) Any development or redevelopment in terms of building size, scale, use, or intensity shall be consistent with the character of the existing areas. Development and redevelopment may include changes in use from vacant land or a previously existing use so long as the new use conforms to the requirements of this subsection (5);

(ii) The intensification of development on lots containing, or new development of, small-scale recreational or tourist uses, including commercial facilities to serve those recreational or tourist uses, that rely on a rural location and setting, but that do not include new residential development. A small-scale recreation or tourist use is not required to be principally designed to serve the existing and projected rural population. Public services and public facilities shall be limited to those necessary to serve the recreation or tourist use and shall be provided in a manner that does not permit low-density sprawl;

(iii) The intensification of development on lots containing isolated nonresidential uses or new development of isolated cottage industries and isolated small-scale businesses that are not principally designed to serve the existing and projected rural population and nonresidential uses, but do provide job opportunities for rural residents. Rural counties may allow the expansion of small-scale businesses as long as those small-scale businesses conform with the rural character of the area as defined by the local government according to RCW 36.70A.030(15). Rural counties may also allow new small-scale businesses to utilize a site previously occupied by an existing business as long as the new small-scale business conforms to the rural character of the area as defined by the local government according to RCW 36.70A.030(15). Public services and public facilities shall be limited to those necessary to serve the isolated nonresidential use and shall be provided in a manner that does not permit low-density sprawl;

(iv) A county shall adopt measures to minimize and contain the existing areas or uses of more intensive rural development, as appropriate, authorized under this subsection. Lands included in such existing areas or uses shall not extend beyond the logical outer boundary of the existing area or use, thereby allowing a new pattern of low-density sprawl. Existing areas are those that are clearly identifiable and contained and where there is a logical boundary delineated predominately by the built environment, but that may also include undeveloped lands if limited as provided in this subsection. The county shall establish the logical outer boundary of an area of more intensive rural development. In establishing the logical outer boundary, the county shall address (A) the need to preserve the character of existing natural neighborhoods and communities, (B) physical boundaries, such as bodies of water, streets and highways, and land forms and contours, (C) the prevention of abnormally irregular boundaries, and (D) the ability to provide public facilities and public services in a manner that does not permit low-density sprawl;

(v) For purposes of (d) of this subsection, an existing area or existing use is one that was in existence:

(A) On July 1, 1990, in a county that was initially required to plan under all of the provisions of this chapter;

(B) On the date the county adopted a resolution under RCW 36.70A.040(2), in a county that is planning under all of the provisions of this chapter under RCW 36.70A.040(2); or

(C) On the date the office of financial management certifies the county's population as provided in RCW 36.70A.040(5), in a county that is planning under all of the provisions of this chapter pursuant to RCW 36.70A.040(5).

(e) Exception. This subsection shall not be interpreted to permit in the rural area a major industrial development or a master planned resort unless otherwise specifically permitted under RCW 36.70A.360 and 36.70A.365.

(6) A transportation element that implements, and is consistent with, the land use element.

(a) The transportation element shall include the following subelements:

(i) Land use assumptions used in estimating travel;

(ii) Estimated traffic impacts to state-owned transportation facilities resulting from land use assumptions to assist the department of transportation in monitoring the performance of state facilities, to plan improvements for the facilities, and to assess the impact of land-use decisions on state-owned transportation facilities;

(iii) Facilities and services needs, including:

(A) An inventory of air, water, and ground transportation facilities and services, including transit alignments and general aviation airport facilities, to define existing capital facilities and travel levels as a basis for future planning. This inventory must include state-owned transportation facilities within the city or county's jurisdictional boundaries;

(B) Level of service standards for all locally owned arterials and transit routes to serve as a gauge to judge performance of the system. These standards should be regionally coordinated;

(C) For state-owned transportation facilities, level of service standards for highways, as prescribed in chapters 47.06 and 47.80 RCW, to gauge the performance of the system. The purposes of reflecting level of service standards for state highways in the local comprehensive plan are to monitor the performance of the system, to evaluate improvement strategies, and to facilitate coordination between the county's or city's six-year street, road, or transit program and the office of financial management's ten-year investment program. The concurrency requirements of (b) of this subsection do not apply to transportation facilities and services of statewide significance except for counties consisting of islands whose only connection to the mainland are state highways or ferry routes. In these island counties, state highways and ferry route capacity must be a factor in meeting the concurrency requirements in (b) of this subsection;

(D) Specific actions and requirements for bringing into compliance locally owned transportation facilities or services that are below an established level of service standard;

(E) Forecasts of traffic for at least ten years based on the adopted land use plan to provide information on the location, timing, and capacity needs of future growth;

(F) Identification of state and local system needs to meet current and future demands. Identified needs on state-owned transportation facilities must be consistent with the statewide multimodal transportation plan required under chapter 47.06 RCW;

(iv) Finance, including:

(A) An analysis of funding capability to judge needs against probable funding resources;

(B) A multiyear financing plan based on the needs identified in the comprehensive plan, the appropriate parts of which shall serve as the basis for the six-year street, road, or transit program required by RCW 35.77.010 for cities, RCW 36.81.121 for counties, and RCW 35.58.2795 for public transportation systems. The multiyear financing plan should be coordinated with the ten-year investment program developed by the office of financial management as required by RCW 47.05.030;

(C) If probable funding falls short of meeting identified needs, a discussion of how additional funding will be raised, or how land use assumptions will be reassessed to ensure that level of service standards will be met;

(v) Intergovernmental coordination efforts, including an assessment of the impacts of the transportation plan and land use assumptions on the transportation systems of adjacent jurisdictions;

(vi) Demand-management strategies;

(vii) Pedestrian and bicycle component to include collaborative efforts to identify and designate planned improvements for pedestrian and bicycle facilities and corridors that address and encourage enhanced community access and promote healthy lifestyles.

(b) After adoption of the comprehensive plan by jurisdictions required to plan or who choose to plan under RCW 36.70A.040, local jurisdictions must adopt and enforce ordinances which prohibit development approval if the development causes the level of service on a locally owned transportation facility to decline below the standards adopted in the transportation element of the comprehensive plan, unless transportation improvements or strategies to accommodate the impacts of development are made concurrent with the development. These strategies may include increased public transportation service, ride-sharing programs, demand management, and other transportation systems management strategies. For the purposes of this subsection (6), "concurrent with the development" means that improvements or strategies are in place at the time of development, or that a financial commitment is in place to complete the improvements or strategies within six years. If the collection of impact fees is delayed under RCW 82.02.050(3), the six-year period required by this subsection (6)(b) must begin after full payment of all impact fees is due to the county or city.

(c) The transportation element described in this subsection (6), the six-year plans required by RCW 35.77.010 for cities, RCW 36.81.121 for counties, and RCW 35.58.2795 for public transportation systems, and the ten-year investment program required by RCW 47.05.030 for the state, must be consistent.

(7) An economic development element establishing local goals, policies, objectives, and provisions for economic growth and vitality and a high quality of life. The element shall include: (a) A summary of the local economy such as population, employment, payroll, sectors, businesses, sales, and other information as appropriate; (b) a summary of the strengths and weaknesses of the local economy defined as the commercial and industrial sectors and supporting factors such as land use, transportation, utilities, education, workforce, housing, and natural/cultural resources; and (c) an identification of policies, programs, and projects to foster economic growth and development and to address future needs. A city that has chosen to be a residential community is exempt from the economic development element requirement of this subsection.

(8) A park and recreation element that implements, and is consistent with, the capital facilities plan element as it relates to park and recreation facilities. The element shall include: (a) Estimates of park and recreation demand for at least a ten-year period; (b) an evaluation of facilities and service needs; and (c) an evaluation of intergovernmental coordination opportunities to provide regional approaches for meeting park and recreational demand.

(9) It is the intent that new or amended elements required after January 1, 2002, be adopted concurrent with the scheduled update provided in RCW 36.70A.130. Requirements to incorporate any such new or amended elements shall be null and void until funds sufficient to cover applicable local government costs are appropriated and distributed by the state at least two years before local government must update comprehensive plans as required in RCW 36.70A.130.

**Sec.**  RCW 47.80.023 and 2009 c 515 s 15 are each amended to read as follows:

Each regional transportation planning organization shall have the following duties:

(1) Prepare and periodically update a transportation strategy for the region. The strategy shall address alternative transportation modes and transportation demand management measures in regional corridors and shall recommend preferred transportation policies to implement adopted growth strategies. The strategy shall serve as a guide in preparation of the regional transportation plan. However, no transportation or growth strategy may include or adopt a maximum population, household, employment and/or job growth target applicable to a regional transportation planning organization's member county, city, or town comprehensive plan adopted pursuant to chapter 36.70A RCW. Such a maximum target, whether adopted prior or subsequent to the effective date of this section, is unenforceable.

(2) Prepare a regional transportation plan as set forth in RCW 47.80.030 that is consistent with countywide planning policies if such have been adopted pursuant to chapter 36.70A RCW, with county, city, and town comprehensive plans, and state transportation plans.

(3) Certify by December 31, 1996, that the transportation elements of comprehensive plans adopted by counties, cities, and towns within the region reflect the guidelines and principles developed pursuant to RCW 47.80.026, are consistent with the adopted regional transportation plan, and, where appropriate, conform with the requirements of RCW 36.70A.070. In the exercise of its duties, a regional transportation planning organization has no authority to reject, disapprove, or condition or otherwise limit its approval of a local government growth management comprehensive plan or element thereof based on the local government's planning for population, household, job and/or employment growth levels within a designated urban growth area in excess of the population, household, job and/or employment targets allocated to the local government pursuant to chapter 36.70A RCW. Such a rejection, disapproval, or conditional approval, whether adopted prior or subsequent to the effective date of this section, is unenforceable.

(4) Where appropriate, certify that countywide planning policies adopted under RCW 36.70A.210 and the adopted regional transportation plan are consistent.

(5) Develop, in cooperation with the department of transportation, operators of public transportation services and local governments within the region, a six-year regional transportation improvement program which proposes regionally significant transportation projects and programs and transportation demand management measures. The regional transportation improvement program shall be based on the programs, projects, and transportation demand management measures of regional significance as identified by transit agencies, cities, and counties pursuant to RCW 35.58.2795, 35.77.010, and 36.81.121, respectively, and any recommended programs or projects identified by the agency council on coordinated transportation, as provided in chapter 47.06B RCW, that advance special needs coordinated transportation as defined in RCW 47.06B.012. The program shall include a priority list of projects and programs, project segments and programs, transportation demand management measures, and a specific financial plan that demonstrates how the transportation improvement program can be funded. The program shall be updated at least every two years for the ensuing six-year period.

(6) Include specific opportunities and projects to advance special needs coordinated transportation, as defined in RCW 47.06B.012, in the coordinated transit-human services transportation plan, after providing opportunity for public comment.

(7) Designate a lead planning agency to coordinate preparation of the regional transportation plan and carry out the other responsibilities of the organization. The lead planning agency may be a regional organization, a component county, city, or town agency, or the appropriate Washington state department of transportation district office.

(8) Review level of service methodologies used by cities and counties planning under chapter 36.70A RCW to promote a consistent regional evaluation of transportation facilities and corridors.

(9) Work with cities, counties, transit agencies, the department of transportation, and others to develop level of service standards or alternative transportation performance measures.

(10) Submit to the agency council on coordinated transportation((~~, as provided in chapter 47.06B RCW,~~)) beginning on July 1, 2007, and every four years thereafter, an updated plan that includes the elements identified by the council. Each regional transportation planning organization must submit to the council every two years a prioritized regional human service and transportation project list.

(11) In the exercise of its duties and/or in the adoption of any plan, guideline, principle, or strategy under the authority of this chapter, a regional transportation planning organization has no authority to adopt or determine maximum population, household, employment and/or job growth targets applicable to the regional transportation planning organization's member counties', cities', or towns' comprehensive plans adopted pursuant to chapter 36.70A RCW. Such a maximum target, whether adopted prior or subsequent to the effective date of this section, is unenforceable.

**Sec.**  RCW 36.70A.210 and 2009 c 121 s 2 are each amended to read as follows:

(1) The legislature recognizes that counties are regional governments within their boundaries, and cities are primary providers of urban governmental services within urban growth areas. For the purposes of this section, a "countywide planning policy" is a written policy statement or statements used solely for establishing a countywide framework from which county and city comprehensive plans are developed and adopted pursuant to this chapter. This framework shall ensure that city and county comprehensive plans are consistent as required in RCW 36.70A.100. Nothing in this section shall be construed to alter the land-use powers of cities.

(2) The legislative authority of a county that plans under RCW 36.70A.040 shall adopt a countywide planning policy in cooperation with the cities located in whole or in part within the county as follows:

(a) No later than sixty calendar days from July 16, 1991, the legislative authority of each county that as of June 1, 1991, was required or chose to plan under RCW 36.70A.040 shall convene a meeting with representatives of each city located within the county for the purpose of establishing a collaborative process that will provide a framework for the adoption of a countywide planning policy. In other counties that are required or choose to plan under RCW 36.70A.040, this meeting shall be convened no later than sixty days after the date the county adopts its resolution of intention or was certified by the office of financial management.

(b) The process and framework for adoption of a countywide planning policy specified in (a) of this subsection shall determine the manner in which the county and the cities agree to all procedures and provisions including but not limited to desired planning policies, deadlines, ratification of final agreements and demonstration thereof, and financing, if any, of all activities associated therewith.

(c) If a county fails for any reason to convene a meeting with representatives of cities as required in (a) of this subsection, the governor may immediately impose any appropriate sanction or sanctions on the county from those specified under RCW 36.70A.340.

(d) If there is no agreement by October 1, 1991, in a county that was required or chose to plan under RCW 36.70A.040 as of June 1, 1991, or if there is no agreement within one hundred twenty days of the date the county adopted its resolution of intention or was certified by the office of financial management in any other county that is required or chooses to plan under RCW 36.70A.040, the governor shall first inquire of the jurisdictions as to the reason or reasons for failure to reach an agreement. If the governor deems it appropriate, the governor may immediately request the assistance of the department of ((~~community, trade, and economic development~~)) commerce to mediate any disputes that preclude agreement. If mediation is unsuccessful in resolving all disputes that will lead to agreement, the governor may impose appropriate sanctions from those specified under RCW 36.70A.340 on the county, city, or cities for failure to reach an agreement as provided in this section. The governor shall specify the reason or reasons for the imposition of any sanction.

(e) No later than July 1, 1992, the legislative authority of each county that was required or chose to plan under RCW 36.70A.040 as of June 1, 1991, or no later than fourteen months after the date the county adopted its resolution of intention or was certified by the office of financial management the county legislative authority of any other county that is required or chooses to plan under RCW 36.70A.040, shall adopt a countywide planning policy according to the process provided under this section and that is consistent with the agreement pursuant to (b) of this subsection, and after holding a public hearing or hearings on the proposed countywide planning policy.

(3) A countywide planning policy shall at a minimum, address the following:

(a) Policies to implement RCW 36.70A.110;

(b) Policies for promotion of contiguous and orderly development and provision of urban services to such development;

(c) Policies for siting public capital facilities of a countywide or statewide nature, including transportation facilities of statewide significance as defined in RCW 47.06.140;

(d) Policies for countywide transportation facilities and strategies;

(e) Policies that consider the need for affordable housing, such as housing for all economic segments of the population and parameters for its distribution;

(f) Policies for joint county and city planning within urban growth areas;

(g) Policies for countywide economic development and employment, which must include consideration of the future development of commercial and industrial facilities; ((~~and~~))

(h) An analysis of the fiscal impact; and

(i) A process and schedule providing for consideration no more frequently than once every year of updates, amendments, or revisions of the countywide planning policy proposed by the county or any city or town within the county.

(4) Federal agencies and Indian tribes may participate in and cooperate with the countywide planning policy adoption process. Adopted countywide planning policies shall be adhered to by state agencies.

(5) Failure to adopt a countywide planning policy that meets the requirements of this section may result in the imposition of a sanction or sanctions on a county or city within the county, as specified in RCW 36.70A.340. In imposing a sanction or sanctions, the governor shall specify the reasons for failure to adopt a countywide planning policy in order that any imposed sanction or sanctions are fairly and equitably related to the failure to adopt a countywide planning policy.

(6) Cities and the governor may appeal an adopted countywide planning policy or the denial of a proposed update, revision, or amendment to the growth management hearings board within sixty days of the adoption of the countywide planning policy.

(7) Multicounty planning policies shall be adopted by two or more counties, each with a population of four hundred fifty thousand or more, with contiguous urban areas and may be adopted by other counties, according to the process established under this section or other processes agreed to among the counties and cities within the affected counties throughout the multicounty region.

(8) No countywide or multicounty planning policy may adopt or include maximum population, household, job, or employment targets applicable to city or town growth management comprehensive plans, or otherwise prevent cities or towns from planning for population, household, job, and/or employment growth levels within a designated urban growth area in excess of the growth targets allocated to the local government pursuant to this chapter. Such a maximum target, whether adopted prior or subsequent to the effective date of this section, is unenforceable.

**Sec.**  RCW 43.62.035 and 1997 c 429 s 26 are each amended to read as follows:

(1) The office of financial management shall determine the population of each county of the state annually as of April 1st of each year and on or before July 1st of each year shall file a certificate with the secretary of state showing its determination of the population for each county. The office of financial management also shall determine the percentage increase in population for each county over the preceding ten-year period, as of April 1st, and shall file a certificate with the secretary of state by July 1st showing its determination. ((~~At least once every five years or upon the availability of decennial census data, whichever is later,~~)) In the year prior to the year during which counties and cities within those counties are required to review, and if needed, revise comprehensive plans under RCW 36.70A.130(5) the office of financial management shall prepare twenty-year growth management planning population projections required by RCW 36.70A.110 for each county that adopts a comprehensive plan under RCW 36.70A.040 and shall review these projections with such counties and the cities in those counties before final adoption. The county and its cities may provide to the office such information as they deem relevant to the office's projection, and the office shall consider and comment on such information before adoption.

(2) Each projection shall be expressed as a reasonable range developed within the standard state high and low projection. The middle range shall represent the office's estimate of the most likely population projection for the county. If any city or county believes that a projection will not accurately reflect actual population growth in a county, it may petition the office to revise the projection accordingly. The office shall complete the first set of ranges for every county by December 31, 1995.

(3) A comprehensive plan adopted or amended before December 31, 1995, shall not be considered to be in noncompliance with the twenty-year growth management planning population projection if the projection used in the comprehensive plan is in compliance with the range later adopted under this section.

(4) In its annual population trends report, the office of financial management shall include information for each county and city relating to: (a) The actual population growth within each county and city; (b) a comparison of job growth and housing growth; (c) whether the population growth is more or less than the population estimate used by the county in its most recent comprehensive plan; (d) data on housing supply, including new single-family and multifamily construction, and permitted but not yet constructed housing units; (e) the housing affordability index for that county; and (f) the residential housing inventory for that county, expressed in months of inventory. The office of financial management shall use information from the Runstad center for real estate studies at the University of Washington, or a comparable data source.

**Sec.**  RCW 36.70A.110 and 2010 c 211 s 1 are each amended to read as follows:

(1) Each county that is required or chooses to plan under RCW 36.70A.040 shall designate an urban growth area or areas within which urban growth shall be encouraged and outside of which growth can occur only if it is not urban in nature. Each city that is located in such a county shall be included within an urban growth area. An urban growth area may include more than a single city. An urban growth area may include territory that is located outside of a city only if such territory already is characterized by urban growth whether or not the urban growth area includes a city, or is adjacent to territory already characterized by urban growth, or is a designated new fully contained community as defined by RCW 36.70A.350.

(2) Based upon the growth management population projection made for the county by the office of financial management, the county and each city within the county shall include areas and densities sufficient to permit the urban growth that is projected to occur in the county or city for the succeeding twenty-year period, except for those urban growth areas contained totally within a national historical reserve. As part of this planning process, each city within the county must include areas sufficient to accommodate the broad range of needs and uses that will accompany the projected urban growth including, as appropriate, medical, governmental, institutional, commercial, service, retail, and other nonresidential uses. In addition to including areas and densities sufficient for urban growth in the county or city for the succeeding twenty-year period, each city and county for which actual population growth exceeded planned growth during the prior year shall include additional areas or densities capable of accommodating the amount of actual residential growth that exceeded planned growth in the prior year.

Each urban growth area shall permit urban densities and shall include greenbelt and open space areas. In the case of urban growth areas contained totally within a national historical reserve, the city may restrict densities, intensities, and forms of urban growth as determined to be necessary and appropriate to protect the physical, cultural, or historic integrity of the reserve. An urban growth area determination may include a reasonable land market supply factor and shall permit a range of urban densities and uses. In determining this market factor, cities and counties may consider local circumstances. Cities and counties have discretion in their comprehensive plans to make many choices about accommodating growth.

Within one year of July 1, 1990, each county that as of June 1, 1991, was required or chose to plan under RCW 36.70A.040, shall begin consulting with each city located within its boundaries and each city shall propose the location of an urban growth area. Within sixty days of the date the county legislative authority of a county adopts its resolution of intention or of certification by the office of financial management, all other counties that are required or choose to plan under RCW 36.70A.040 shall begin this consultation with each city located within its boundaries. The county shall attempt to reach agreement with each city on the location of an urban growth area within which the city is located. If such an agreement is not reached with each city located within the urban growth area, the county shall justify in writing why it so designated the area an urban growth area. A city may object formally with the department over the designation of the urban growth area within which it is located. Where appropriate, the department shall attempt to resolve the conflicts, including the use of mediation services.

(3) Urban growth should be located first in areas already characterized by urban growth that have adequate existing public facility and service capacities to serve such development, second in areas already characterized by urban growth that will be served adequately by a combination of both existing public facilities and services and any additional needed public facilities and services that are provided by either public or private sources, and third in the remaining portions of the urban growth areas. Urban growth may also be located in designated new fully contained communities as defined by RCW 36.70A.350.

(4) In general, cities are the units of local government most appropriate to provide urban governmental services. In general, it is not appropriate that urban governmental services be extended to or expanded in rural areas except in those limited circumstances shown to be necessary to protect basic public health and safety and the environment and when such services are financially supportable at rural densities and do not permit urban development.

(5) On or before October 1, 1993, each county that was initially required to plan under RCW 36.70A.040(1) shall adopt development regulations designating interim urban growth areas under this chapter. Within three years and three months of the date the county legislative authority of a county adopts its resolution of intention or of certification by the office of financial management, all other counties that are required or choose to plan under RCW 36.70A.040 shall adopt development regulations designating interim urban growth areas under this chapter. Adoption of the interim urban growth areas may only occur after public notice; public hearing; and compliance with the state environmental policy act, chapter 43.21C RCW, and under this section. Such action may be appealed to the growth management hearings board under RCW 36.70A.280. Final urban growth areas shall be adopted at the time of comprehensive plan adoption under this chapter.

(6) Each county shall include designations of urban growth areas in its comprehensive plan.

(7) An urban growth area designated in accordance with this section may include within its boundaries urban service areas or potential annexation areas designated for specific cities or towns within the county.

(8)(a) Except as provided in (b) of this subsection, the expansion of an urban growth area is prohibited into the one hundred year floodplain of any river or river segment that: (i) Is located west of the crest of the Cascade mountains; and (ii) has a mean annual flow of one thousand or more cubic feet per second as determined by the department of ecology.

(b) Subsection (8)(a) of this section does not apply to:

(i) Urban growth areas that are fully contained within a floodplain and lack adjacent buildable areas outside the floodplain;

(ii) Urban growth areas where expansions are precluded outside floodplains because:

(A) Urban governmental services cannot be physically provided to serve areas outside the floodplain; or

(B) Expansions outside the floodplain would require a river or estuary crossing to access the expansion; or

(iii) Urban growth area expansions where:

(A) Public facilities already exist within the floodplain and the expansion of an existing public facility is only possible on the land to be included in the urban growth area and located within the floodplain; or

(B) Urban development already exists within a floodplain as of July 26, 2009, and is adjacent to, but outside of, the urban growth area, and the expansion of the urban growth area is necessary to include such urban development within the urban growth area; or

(C) The land is owned by a jurisdiction planning under this chapter or the rights to the development of the land have been permanently extinguished, and the following criteria are met:

(I) The permissible use of the land is limited to one of the following: Outdoor recreation; environmentally beneficial projects, including but not limited to habitat enhancement or environmental restoration; storm water facilities; flood control facilities; or underground conveyances; and

(II) The development and use of such facilities or projects will not decrease flood storage, increase storm water runoff, discharge pollutants to fresh or salt waters during normal operations or floods, or increase hazards to people and property.

(c) For the purposes of this subsection (8), "one hundred year floodplain" means the same as "special flood hazard area" as set forth in WAC 173-158-040 as it exists on July 26, 2009.

**Sec.**  RCW 36.22.179 and 2014 c 200 s 1 are each amended to read as follows:

(1) In addition to the surcharge authorized in RCW 36.22.178, and except as provided in subsection (2) of this section, an additional surcharge of ten dollars shall be charged by the county auditor for each document recorded, which will be in addition to any other charge allowed by law. From September 1, 2012, through June 30, ((~~2019~~)) 2027, the surcharge shall be forty dollars. The funds collected pursuant to this section are to be distributed and used as follows:

(a) The auditor shall retain two percent for collection of the fee, and of the remainder shall remit sixty percent to the county to be deposited into a fund that must be used by the county and its cities and towns to accomplish the purposes of chapter 484, Laws of 2005, six percent of which may be used by the county for the collection and local distribution of these funds and administrative costs related to its homeless housing plan, and the remainder for programs which directly accomplish the goals of the county's local homeless housing plan, except that for each city in the county which elects as authorized in RCW 43.185C.080 to operate its own local homeless housing program, a percentage of the surcharge assessed under this section equal to the percentage of the city's local portion of the real estate excise tax collected by the county shall be transmitted at least quarterly to the city treasurer, without any deduction for county administrative costs, for use by the city for program costs which directly contribute to the goals of the city's local homeless housing plan; of the funds received by the city, it may use six percent for administrative costs for its homeless housing program.

(b) The auditor shall remit the remaining funds to the state treasurer for deposit in the home security fund account. The department may use twelve and one-half percent of this amount for administration of the program established in RCW 43.185C.020, including the costs of creating the statewide homeless housing strategic plan, measuring performance, providing technical assistance to local governments, and managing the homeless housing grant program. Of the remaining eighty-seven and one-half percent, at least forty-five percent must be set aside for the use of private rental housing payments, and the remainder is to be used by the department to:

(i) Provide housing and shelter for homeless people including, but not limited to: Grants to operate, repair, and staff shelters; grants to operate transitional housing; partial payments for rental assistance; consolidated emergency assistance; overnight youth shelters; grants and vouchers designated for victims of human trafficking and their families; and emergency shelter assistance; and

(ii) Fund the homeless housing grant program.

(2) The surcharge imposed in this section does not apply to (a) assignments or substitutions of previously recorded deeds of trust, (b) documents recording a birth, marriage, divorce, or death, (c) any recorded documents otherwise exempted from a recording fee or additional surcharges under state law, (d) marriage licenses issued by the county auditor, or (e) documents recording a state, county, or city lien or satisfaction of lien or a water-sewer district lien for nonpayment for water-sewer services.

**Sec.**  RCW 82.46.037 and 2016 c 138 s 4 are each amended to read as follows:

(1) A city or county that meets the requirements of subsection (2) of this section may use the greater of one hundred thousand dollars or twenty-five percent of available funds, but not to exceed one million dollars per year, from revenues collected under RCW 82.46.035 for:

(a) The maintenance of capital projects, as defined in RCW 82.46.035(5); ((~~or~~))

(b) From July 1, 2017, until June 30, 2019, the acquisition, construction, improvement, or rehabilitation of facilities to provide housing for the homeless; or

(c) The planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, improvement, or maintenance of capital projects as defined in RCW 82.46.010(6)(b) that are not also included within the definition of capital projects in RCW 82.46.035(5).

(2) A city or county may use revenues pursuant to subsection (1) of this section if:

(a) The city or county prepares a written report demonstrating that it has or will have adequate funding from all sources of public funding to pay for all capital projects, as defined in RCW 82.46.035(5), identified in its capital facilities plan for the succeeding two-year period; and

(b)(i) The city or county has not enacted, after June 9, 2016, any requirement on the listing or sale of real property; or any requirement on landlords, at the time of executing a lease, to perform or provide physical improvements or modifications to real property or fixtures, except if necessary to address an immediate threat to health or safety; ((~~or~~))

(ii) Any local requirement adopted by the city or county under (b)(i) of this subsection is: Specifically authorized by RCW 35.80.030, 35A.11.020, chapter 7.48 RCW, or chapter 19.27 RCW; specifically authorized by other state or federal law; or a seller or landlord disclosure requirement pursuant to RCW 64.06.080; or

(iii) For a city or county using funds under subsection (1)(b) of this section, the requirements of this subsection apply, except that the date for such enactment under (b)(i) of this subsection is ninety days after the effective date of this section.

(3) The report prepared under subsection (2)(a) of this section must: (a) Include information necessary to determine compliance with the requirements of subsection (2)(a) of this section; (b) identify how revenues collected under RCW 82.46.035 were used by the city or county during the prior two-year period; (c) identify how funds authorized under subsection (1) of this section will be used during the succeeding two-year period; and (d) identify what percentage of funding for capital projects within the city or county is attributable to revenues under RCW 82.46.035 compared to all other sources of capital project funding. The city or county must prepare and adopt the report as part of its regular, public budget process.

(4) ((~~The authority to use funds as authorized in this section is in addition to the authority to use funds pursuant to RCW 82.46.035(7), which remains in effect through December 31, 2016.~~

~~(5)~~)) For purposes of this section, "maintenance" means the use of funds for labor and materials that will preserve, prevent the decline of, or extend the useful life of a capital project. "Maintenance" does not include labor or material costs for routine operations of a capital project.

NEW SECTION. **Sec.**  The legislature finds that:

(1) Families, senior citizens, and workers with fewer financial resources are more likely to experience unhealthy and unsafe housing conditions;

(2) Healthy homes promote good physical and mental health. When adequate housing protects individuals and families from harmful exposures and provides them with a sense of privacy, security, stability, and control, it can make important contributions to health and well-being;

(3) Affordable housing is a necessary component of strong, thriving neighborhoods with healthy physical and social environments;

(4) Very low-income household renters should have the opportunity to live in homes in neighborhoods close to major infrastructure investments like transit, quality schools for children, and vital services like health care, grocery shopping, and employment;

(5) Community members with critical occupations, senior citizens, and families are struggling to afford rent around the state;

(6) Rising rents are causing the displacement of very low-income household renters and long-time community members, risking the loss of cultural communities;

(7) Property owners require additional resources to make health, safety, and quality improvements to buildings without raising rents to pay for repairs; and

(8) Communities need a wide range of local tools to create healthy, affordable homes and address affordable housing needs.

NEW SECTION. **Sec.**  It is the purpose of this chapter to give communities a local option to preserve and increase healthy, high-quality affordable rental housing opportunities for very low-income households for which the governing authority has found that there are insufficient healthy affordable housing opportunities. It is also the purpose of this chapter to ensure that housing opportunities are affordable to renters at below-market rent levels, as determined by the governing authority, with consideration of community needs, market rental costs, and income levels of renters.

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

(1) "Energy and water efficiency standards" means housing that meets standards substantially equivalent to evergreen sustainable development standards, as established by the Washington state department of commerce.

(2) "Governing authority" means the local legislative authority of a city or county having jurisdiction over the property for which an exemption may be applied under this chapter.

(3) "Health and quality standards" means standards substantially equivalent to uniform physical condition standards, as established by the United States department of housing and urban development, or the national healthy housing standard, as established by the national center for healthy housing and the American public health association. Governing authority may use a residential housing inspection program within the jurisdiction that has established the tax exemption, as long as the standards are substantially equivalent to uniform physical condition standards or the national healthy housing standard.

(4) "High-cost area" means a county where the third quarter median house price for the previous year as reported by the Runstad center for real estate studies at the University of Washington is equal to or greater than one hundred thirty percent of the statewide median house price published during the same time period.

(5) "Household" means a single person, family, or unrelated persons living together.

(6) "Multifamily dwelling" means a building consisting of more than one dwelling unit, as further defined by the governing authority.

(7) "Owner" means the property owner of record.

(8) "Permanent residential occupancy" means housing that provides rental occupancy on a nontransient basis. "Permanent residential occupancy" includes rental accommodation that is leased for a period of at least one month. "Permanent residential occupancy" excludes hotels and motels that predominately offer rental accommodation on a daily or weekly basis.

(9) "Property" means a multifamily dwelling not designed as transient accommodations, and the land upon which the dwelling is located. "Property" excludes hotels or motels. "Property" may also include a single-family dwelling and the land upon which the dwelling is located if the governing authority adopts a program for such property as provided in section 18(1)(e) of this act.

(10) "Rehabilitation improvements" means modifications to existing property made to achieve substantial compliance with health and quality standards or energy and water efficiency standards.

(11) "Single-family dwelling unit" means an individual detached dwelling, as further defined by the governing authority.

(12) "Very low-income household" means a single person, family, or unrelated persons living together whose adjusted income is at or below fifty percent of the median family income adjusted for family size, for the county in which the project is located, as reported by the United States department of housing and urban development. For cities located in high-cost areas, "very low-income household" means a household that has an income at or below sixty percent of the median family income adjusted for family size, for the county in which the project is located.

NEW SECTION. **Sec.**  A city governing authority may adopt a property tax exemption program to preserve affordable housing that meets health and quality standards for very low-income households at risk of displacement or that cannot afford market-rate housing. A county governing authority may adopt a property tax exemption program for unincorporated areas of the county to preserve affordable housing that meets health and quality standards for very low-income households at risk of displacement or that cannot afford market-rate housing.

NEW SECTION. **Sec.**  (1) Upon adoption of a property tax exemption program, the governing authority must establish standards for very low-income household rental housing under this chapter, including rent limits and income guidelines consistent with local housing needs, to assist very low-income households that cannot afford market-rate housing. Affordable housing units must be:

(a) Below market rent levels as determined by the governing authority; and

(b) Affordable to households with an income of fifty percent or less of the county median family income, adjusted for family size.

(2)(a) The governing authority, after holding a public hearing, may also establish lower income levels or lower rent levels adjusted to serve very low-income household renters in the community.

(b) The governing authority of a high-cost area, after holding a public hearing, may also establish higher income levels. The higher income level may not exceed sixty percent of the county area median family income, adjusted for family size.

(3) Rent levels for affordable housing units may not exceed thirty percent of the income limit for the low-income housing unit, as established by the governing authority, and must include tenant-paid utilities other than telephone and any mandatory fees required as a condition of tenancy.

NEW SECTION. **Sec.**  (1) The value of residential real property qualifying under this chapter is exempt from ad valorem property taxation, except taxes levied by the state, for a period of fifteen successive years beginning January 1st of the calendar year immediately following the calendar year in which a certificate of tax exemption is filed with the county assessor in accordance with section 21 of this act.

(2) The governing authority may extend the duration of the exemption period by three years for properties meeting energy and water efficiency standards.

(3) The incentive provided under this chapter is in addition to any tax credits, grants, or other incentives provided by law.

(4) This chapter neither applies to increases in assessed valuation made by the assessor on nonqualifying portions of building or land nor to increases made by lawful order of a county board of equalization, the department of revenue, or a county, to a class of property throughout the county or specific area of the county to achieve the uniformity of assessment or appraisal required by law.

(5) The exemption does not apply to any county property tax unless the legislative authority of the county adopts a resolution and notifies the governing authority of the jurisdiction within the county that has established a tax exempt program of its intent to allow the property to be exempt.

(6) The governing authority must notify local taxing districts in the designated exemption area when a tax exemption program is established under this chapter.

NEW SECTION. **Sec.**  To be eligible for the exemption from property taxation under this chapter, in addition to other requirements set forth in this chapter, the property must be in compliance with the following applicable requirements for the entire exemption period:

(1) A minimum of twenty-five percent of units in a multiple-unit property subject to tax exemption must be affordable as described in section 14 of this act. A governing authority may require more than twenty-five percent affordable units in multiple-unit housing buildings subject to tax exemption to address local market conditions. Affordable units must be comparable in terms of quality and living conditions to market rate units in the building;

(2) At least ninety percent of the units of multiple-unit property must be occupied by tenants at the time of application;

(3) The property must be part of a residential or mixed-use (residential and nonresidential) project;

(4) The property must provide for a minimum of fifty percent of the space in each building for permanent residential occupancy;

(5) The property must meet guidelines as adopted by the governing authority that may include height, density, public benefit features, number and size of proposed development, parking, income limits for occupancy, limits on rents, health and quality standards, and other adopted requirements indicated as necessary by the governing authority. The required amenities should be relative to the size of the project and tax benefit to be obtained; and

(6) The property owner must enter into a contract with the city or county approved by the governing authority, or an administrative official or commission authorized by the governing authority, under which the property owner has agreed to terms and conditions satisfactory to the governing authority.

NEW SECTION. **Sec.**  (1) To be eligible for the exemption from taxation under this chapter, the property must also comply with all applicable land use regulations, zoning requirements, and building and housing code requirements, including space and occupancy, structural, mechanical, fire, safety, and security standards, and health and quality standards. The governing authority may establish additional standards to meet local needs.

(2)(a) The governing authority may waive certain health and quality standards for up to two years if the owner of the property submits a rehabilitation plan to comply with health and quality standards. The owner must notify the governing authority at the time of completion of rehabilitation. The waiver of certain health and quality standards only applies to rehabilitation improvements specifically included in the rehabilitation plan.

(b) The governing authority must establish minimum health and quality standards for properties to qualify for a waiver under (a) of this subsection. The governing authority may not waive health and quality standards that endanger or impair the health and safety of any tenant.

(c) Nothing in this subsection may exempt or waive any obligations under federal, state, and local laws.

(3) The property must be inspected for compliance with subsections (1) and (2) of this section at the time of application for tax exemption and, thereafter, as established by the governing authority at least once every three years.

(4) If the governing authority grants a waiver of certain health and quality standards under subsection (2) of this section, the property must be inspected when the owner notifies the governing authority that rehabilitation has been completed or at the end of the waiver period, whichever occurs first.

(5) The governing authority or its duly authorized representative may deny an application for tax exemption or revoke an existing exemption under this chapter for failure to comply with health and quality standards.

NEW SECTION. **Sec.**  (1) The governing authority may establish additional requirements for tax exemption eligibility or program rules under this chapter including, but not limited to:

(a) A limit on the total number of affordable housing units subject to exemption under this chapter;

(b) The designation of targeted residential areas for property to align with community needs, including to prevent displacement, preserve cultural communities, and provide affordable housing options near community infrastructure such as transportation or public schools;

(c) Standards for property size, unit size, unit type, mix of unit types, or mix of unit sizes;

(d) An exemption extension for property meeting minimum energy and water efficiency standards substantially equivalent to evergreen sustainable development building performance standards;

(e) A program for single-family dwelling rental units occupied by tenants complying with affordability requirements under this chapter as adopted by the governing authority;

(f) Any additional requirements to reduce displacement of very low-income household tenants.

(2) The governing authority must adopt and implement standards and guidelines to be utilized in considering applications and making the determinations required under this chapter. The standards and guidelines must establish basic requirements to include:

(a) An application process and procedures;

(b) Guidelines that may include height, density, public benefit features, number and size of proposed development, parking, income limits for occupancy, limits on rents, health and quality standards, and other adopted requirements indicated as necessary by the governing authority. The required amenities should be relative to the size of the project and tax benefit to be obtained;

(c) An inspection policy and procedures to ensure the property complies with housing and health and quality standards;

(d) Income and rent limits as required under section 14 of this act; and

(e) Documentation necessary to establish income eligibility of households in affordable housing units.

(3) Standards 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.

NEW SECTION. **Sec.**  An owner of property making an application under this chapter must apply by August 1st of the year prior to the first calendar year in which the taxes for collection are to be considered for exemption and meet the following requirements:

(1) The applicant must apply to the city or county on forms adopted by the governing authority. The application must contain the following:

(a) Information setting forth the grounds supporting the requested exemption, including information indicated on the application form or in the guidelines;

(b) A description of the project and site plan, including the floor plan of units and other information requested;

(c) A statement that the applicant is aware of the potential tax liability involved when the property ceases to be eligible for the incentive provided under this chapter;

(d) When the governing authority finds that rehabilitation is required to meet health and quality standards or evergreen sustainable development building performance standards, a rehabilitation plan outlining rehabilitation improvements, budget, and proposed schedule for repairs; and

(e) A certification of family size and annual income in a form acceptable to the governing authority for designated affordable housing units;

(2) The applicant must verify the application by oath or affirmation; and

(3) The applicant must submit a fee, if any, with the application as required under this chapter. The governing authority may permit the applicant to revise an application before final action by the governing authority.

NEW SECTION. **Sec.**  (1) Upon receipt of an application meeting the requirements of section 19 of this act, the governing authority must inspect the property to certify compliance with health and quality standards or to grant a waiver upon submission of a rehabilitation plan by the owner of the property.

(2) The duly authorized administrative official or committee of the governing authority may approve the application if it finds that:

(a) The property meets affordable housing requirements as described in section 14 of this act;

(b) The property meets health and quality standards, or a waiver is granted upon submission of a rehabilitation plan by the property owner;

(c) The property rehabilitation plan is of appropriate scope to be completed within the designated time frame of waiver and will result in property compliance with health and quality standards, as outlined in section 17 of this act; and

(d) The owner has complied with all standards and guidelines adopted by the governing authority under this chapter.

NEW SECTION. **Sec.**  (1) The governing authority, or an administrative official or commission authorized by the governing authority, must approve or deny an application filed under this chapter within one hundred twenty days. The governing authority may adopt standards to extend the period to approve or deny an application filed under this chapter for a property that does not meet health and quality standards.

(2)(a) If the application is approved, the governing authority must issue the owner of the property a certificate of tax exemption and file the certificate of exemption with the county assessor no later than December 1st of the year prior to the first calendar year in which the taxes for collection are to be exempt. If the certificate of exemption is filed after December 1st and before January 1st, the certificate of exemption is deemed filed in the next calendar year. The certificate must contain a statement by a duly authorized administrative official of the governing authority that the property has complied with the required findings indicated in this chapter.

(b) The governing authority may issue a conditional certificate of acceptance of tax exemption if a property must complete a rehabilitation plan in order to comply with health and quality standards. The rehabilitation must be completed within two years of the date of application for a tax exemption.

(3)(a) If the application is denied by the authorized administrative official or commission authorized by the governing authority, the deciding administrative official or commission must state in writing the reasons for denial and send the notice to the applicant at the applicant's last known address within ten days of the denial.

(b) Upon denial by the authorized administrative official or commission, an applicant may appeal the denial to the governing authority within thirty days after receipt of the denial. The appeal before the governing authority must be based upon the record made before the administrative official or commission with the burden of proof on the applicant to show that there was no substantial evidence to support the administrative official or commission's decision. The decision of the governing body in denying or approving the application is final.

NEW SECTION. **Sec.**  The governing authority may establish an application fee or other fees to not exceed an amount determined to be required to cover the cost to be incurred by the governing authority and the assessor in administering this chapter. The application fee, if established, must be paid at the time the application is submitted. If the application is approved, the governing authority must pay the application fee to the county assessor for deposit in the county current expense fund, after first deducting that portion of the fee attributable to its own administrative costs in processing the application. If the application is denied, the governing authority may retain that portion of the application fee attributable to its own administrative costs and refund the balance to the applicant.

NEW SECTION. **Sec.**  The authorized representative of the governing authority must notify the applicant that a certificate of tax exemption will be denied or canceled if the authorized representative determines that:

(1) The affordable housing requirements as described in section 14 of this act were not met;

(2) The property did not meet health and quality standards; or

(3) The owner's property is otherwise not qualified for limited exemption under this chapter.

NEW SECTION. **Sec.**  (1) The owner of property receiving a tax exemption under this chapter must obtain from each tenant living in designated affordable housing units, no less than annually, a certification of family size and annual income in a form acceptable to the governing authority.

(2) The property owner must file a report at least annually by a date established by the governing authority indicating the following:

(a) Family size and annual income for each tenant living in designated affordable housing rental units and a statement that the property is in compliance with affordable housing requirements described in section 14 of this act;

(b) A statement of occupancy and vacancy;

(c) A schedule of rents charged in market-rate units;

(d) A certification that the property has not changed use;

(e) A description of changes or improvements;

(f) When rehabilitation is required to meet health and quality standards or evergreen sustainable development building performance standards, a progress report on compliance with the rehabilitation plan, budget, and proposed schedule for repairs; and

(g) Any other information required to determine compliance with program requirements or to measure program performance.

(3) A governing authority that issues certificates of tax exemption for property that conform to the requirements of this chapter must report annually by July 1st to the department of commerce the following information:

(a) The number of tax exemption certificates granted;

(b) The number and type of units in building properties receiving a tax exemption;

(c) The number and type of units meeting affordable housing requirements;

(d) The total monthly rent amount for each affordable and market-rate unit; and

(e) The value of the tax exemption for each project receiving a tax exemption and the total value of tax exemptions granted.

NEW SECTION. **Sec.**  (1) After a certificate of exemption has been filed with the county assessor, the tax exemption must be canceled by the authorized representative of the governing authority under the following circumstances:

(a) The owner intends to convert the property to another use that is not residential or the owner intends to discontinue compliance with affordable housing requirements;

(b) The owner fails to file annual reports;

(c) The owner fails to maintain the property in substantial compliance with all applicable local building, safety, and health code requirements;

(d) The owner fails to complete rehabilitation improvements as outlined in the rehabilitation plan; or

(e) The owner fails to meet affordable housing requirements.

(2)(a) Notification of a canceled certificate of exemption must be made by the governing authority or authorized representative of the governing authority to the county assessor within thirty days of the cancellation. Upon notice of a canceled tax exemption certificate, additional real property tax must be imposed upon the value of the improvements and land that no longer qualify for exemption under this chapter in the amount that would have been imposed had the property not been exempt under this act, plus a penalty of twenty percent of the additional tax. This additional tax is calculated from January 1st of the year the certificate of tax exemption first became effective.

(b) Interest must be included upon the amounts of the additional tax at the same rate charged on delinquent property taxes from the dates on which the additional tax could have been paid without penalty if the property had been assessed at a value without regard to this chapter.

(c) The additional tax, penalty, and interest must be collected by the county treasurer. The additional tax must be distributed by the county treasurer in the same manner in which current property taxes applicable to the subject property are distributed. The additional taxes, penalty, and interest must be payable in full thirty days following the date on which the treasurer's statement of additional tax due is issued.

(d) The additional tax owed together with the interest and penalty becomes a lien on the land and attaches at the time the property or portion of the property is removed from use as affordable housing or the amenities no longer meet applicable requirements, and has priority to and must be fully paid and satisfied before a recognizance, mortgage, judgment, debt, obligation, or responsibility to or with which the land may become charged or liable. The lien may be foreclosed upon the expiration of the same period after delinquency and in the same manner provided by law for foreclosure of liens for delinquent real property taxes. An additional tax unpaid on its due date is delinquent.

(e) The county auditor may not accept an instrument of conveyance unless the additional tax, interest, and penalty has been paid or the governing authority or authorized representative has determined that the property is not subject to the additional tax, interest, or penalty.

(f) A certificate of exemption may be continued for the remainder of the exemption period upon sale or transfer of all or a portion of the exempt property to a new owner, if the new owner has signed a notice of exemption continuance. The notice of exemption continuance must be in a form approved by the governing authority or its authorized representative. If the notice of continuance is not signed by the new owner and attached to the real estate excise tax affidavit, all additional tax, penalty, and interest calculated in accordance with this section become due and payable by the owner, including the seller or transferor, at time of sale.

(3) Upon a determination that a property tax exemption is to be canceled for any reason stated in this section, the governing authority or authorized representative of the governing authority must notify the record owner of the property as shown by the tax rolls by mail, return receipt requested, of the determination to cancel the exemption. The owner may appeal the determination to the governing authority or authorized representative within thirty days by filing a notice of appeal with the clerk of the governing authority, which must specify the factual and legal basis on which the determination of cancellation is alleged to be erroneous. The governing authority or a hearing examiner or other official authorized by the governing authority may hear the appeal. At the hearing, all affected parties may be heard and all competent evidence received. After the hearing, the deciding body or officer must either affirm, modify, or repeal the decision of cancellation of exemption based on the evidence received. An aggrieved party may appeal the decision of the deciding body or officer to the superior court under RCW 34.05.510 through 34.05.598.

(4) Upon the expiration of the exemption period or upon cancellation of the exemption, the value of new construction or improvements to the property, not previously considered as new construction during the exemption period, must be considered as new construction for purposes of calculating levies under chapter 84.55 RCW.

NEW SECTION. **Sec.**  Tenant identifying information and income data obtained by the governing authority and the assessor may be used only to administer this affordable housing exemption. Notwithstanding any provision of law to the contrary, absent written consent by the person about whom the information or facts have been obtained, the tenant identifying information and income data may not be disclosed by the jurisdiction or assessor or their agents or employees to anyone other than their agents or employees except in an administrative or judicial proceeding pertaining to the taxpayer's entitlement to the tax exemption.

NEW SECTION. **Sec.**  The exemption in this chapter applies to taxes levied for collection in 2018 and thereafter.

NEW SECTION. **Sec.**  In 2005, the state created the goal of reducing homelessness in Washington state by fifty percent within ten years. The legislature also recognized that the provision of housing and housing-related services to the homeless should be administered at the local level to meet the diverse needs across the state. The state's responsibility was to coordinate, support, finance, and monitor efforts to address homelessness issues.

During the past decade, the state has experienced an overall decline in homelessness with some counties meeting or exceeding its reduction goal. However, some counties have not only failed to achieve reductions, but have experienced an increase in the number of homeless families and individuals. Additionally, the number of unsheltered and chronic homeless has increased in areas of the state despite significant federal, state, and local financial resources that have been invested in homelessness assistance. The dichotomy between the resources expended and the results achieved warrants a more frequent review of state and local homelessness strategies and more transparent reporting of expenditures, performance, and outcomes at the local level. Therefore, the legislature intends to review state and local homelessness prevention, assistance, and housing efforts on a more frequent basis to improve the development of cost-effective programs and identification of best practices to expand housing security across the state.

**Sec.**  RCW 43.185C.030 and 2013 c 200 s 25 are each amended to read as follows:

(1) The department shall annually conduct a Washington homeless census or count consistent with the requirements of RCW 43.185C.180. The census shall make every effort to count all homeless individuals living outdoors, in shelters, and in transitional housing, coordinated, when reasonably feasible, with already existing homeless census projects including those funded in part by the United States department of housing and urban development under the McKinney-Vento homeless assistance program. The department shall determine, in consultation with local governments, the data to be collected. Data on subpopulations and other characteristics of the homeless must, at a minimum, be consistent with United States department of housing and urban development requirements and include the following:

(a) Chronically homeless individuals;

(b) Chronically homeless families;

(c) Unaccompanied homeless youth;

(d) Male veterans;

(e) Female veterans;

(f) Adults with severe mental illness;

(g) Adults with chronic substance abuse issues;

(h) Adults with HIV/AIDS;

(i) Senior citizens; and

(j) Victims of domestic violence.

(2) All personal information collected in the census is confidential, and the department and each local government shall take all necessary steps to protect the identity and confidentiality of each person counted.

(3) The department and each local government are prohibited from disclosing any personally identifying information about any homeless individual when there is reason to believe or evidence indicating that the homeless individual is an adult or minor victim of domestic violence, dating violence, sexual assault, or stalking or is the parent or guardian of a child victim of domestic violence, dating violence, sexual assault, or stalking; or revealing other confidential information regarding HIV/AIDS status, as found in RCW 70.02.220. The department and each local government shall not ask any homeless housing provider to disclose personally identifying information about any homeless individuals when the providers implementing those programs have reason to believe or evidence indicating that those clients are adult or minor victims of domestic violence, dating violence, sexual assault, or stalking or are the parents or guardians of child victims of domestic violence, dating violence, sexual assault, or stalking. Summary data for the provider's facility or program may be substituted.

(4) The Washington homeless census shall be conducted annually on a schedule created by the department. The department shall make summary data by county available to the public each year. This data, and its analysis, shall be included in the department's annual updated homeless housing program strategic plan.

(5) Based on the annual census and provider information from the local government plans, the department shall, by the end of year four, implement an online information and referral system to enable local governments and providers to identify available housing for a homeless person. The department shall work with local governments and their providers to develop a capacity for continuous case management to assist homeless persons.

(6) By the end of year four, the department shall implement an organizational quality management system.

(7) Subject to the availability of amounts appropriated for this specific purpose, the department, in collaboration with the Washington state institute for public policy, must conduct a statewide homeless study every ten years to better understand the causes and characteristics of the homeless in Washington state and help decision makers promote efforts toward housing stability. The purpose of the study is to: Supplement the current point-in-time census and homeless client management information system by conducting face-to-face interviews with people who are homeless or have recently received homelessness assistance to gather an in-depth assessment of why the individual is among the chronically homeless, unaccompanied homeless youth, and unsheltered populations; review the efficacy of current programs and services; and provide recommendations on the type and timing of health and human service interventions needed for these populations to gain housing stability. The department and the Washington state institute for public policy must develop a study proposal defining the study scope, methodology, and costs for the legislature to review by January 1, 2019.

**Sec.**  RCW 43.185C.040 and 2015 c 69 s 25 are each amended to read as follows:

(1) ((~~Six months after the first Washington homeless census,~~)) The department shall, in consultation with the interagency council on homelessness and the affordable housing advisory board, prepare and publish a ((~~ten-year~~)) five-year homeless housing strategic plan which ((~~shall~~)) must outline statewide goals and performance measures and ((~~shall~~)) must be coordinated with the plan for homeless families with children required under RCW 43.63A.650. The state homeless housing strategic plan must be submitted to the legislature by July 1, 2018, and every five years thereafter. The plan must include at least the following information:

(a) Performance measures and goals to reduce homelessness, including long-term and short-term goals;

(b) An analysis of the services and programs being offered at the state and county level and an identification of those representing best practices and outcomes;

(c) Recognition of services and programs targeted to certain homeless populations or geographic areas in recognition of the diverse needs across the state;

(d) New or innovative funding, program, or service strategies to pursue;

(e) An analysis of current drivers of homelessness and/or improvements to housing security such as increases and reductions to employment opportunities, housing scarcity and affordability, health and behavior health services, chemical dependency treatment, and incarceration rates; and

(f) An implementation strategy outlining the roles and responsibilities at the state and local level and timelines to achieve a reduction in homelessness at the statewide level during periods of the five-year homeless housing strategic plan.

(2) The department must coordinate its efforts on the state homeless housing strategic plan with the office of homeless youth prevention and protection programs advisory committee under RCW 43.330.705. The state homeless housing strategic plan must not conflict with the strategies, planning, data collection, and performance and outcome measures developed under RCW 43.330.705 and 43.330.706 to reduce the state's homeless youth population.

(3) To guide local governments in preparation of ((~~their first~~)) local homeless housing plans due December ((~~31, 2005~~)) 1, 2018, and updated every five years thereafter, the department shall issue by ((~~October 15, 2005~~)) December 1, 2017, ((~~temporary~~)) guidelines consistent with this chapter and including the best available data on each community's homeless population. ((~~Local governments' ten-year homeless housing plans shall not be substantially inconsistent with the goals and program recommendations of the temporary guidelines and, when amended after 2005, the state strategic plan.~~

~~(2)~~)) Program outcomes ((~~and~~)), performance measures, and goals ((~~shall~~)) must be created by the department ((~~and reflected in the department's homeless housing strategic plan as well as interim goals~~)) in collaboration with local governments against which ((~~state and~~)) local governments' performance ((~~may~~)) will be measured((~~, including:~~

~~(a) By the end of year one, completion of the first census as described in RCW 43.185C.030;~~

~~(b) By the end of each subsequent year, goals common to all local programs which are measurable and the achievement of which would move that community toward housing its homeless population; and~~

~~(c) By July 1, 2015, reduction of the homeless population statewide and in each county by fifty percent~~)).

((~~(3)~~)) (4) The department shall develop a consistent statewide data gathering instrument to monitor the performance of cities and counties receiving grants in order to determine compliance with the terms and conditions set forth in the grant application or required by the department.

((~~The department shall, in consultation with the interagency council on homelessness and the affordable housing advisory board, report biennially to the governor and the appropriate committees of the legislature an assessment of the state's performance in furthering the goals of the state ten-year homeless housing strategic plan and the performance of each participating local government in creating and executing a local homeless housing plan which meets the requirements of this chapter. The annual report may include performance measures such as:~~

~~(a) The reduction in the number of homeless individuals and families from the initial count of homeless persons;~~

~~(b) The reduction in the number of unaccompanied homeless youth. "Unaccompanied homeless youth" has the same meaning as in RCW 43.330.702;~~

~~(c) The number of new units available and affordable for homeless families by housing type;~~

~~(d) The number of homeless individuals identified who are not offered suitable housing within thirty days of their request or identification as homeless;~~

~~(e) The number of households at risk of losing housing who maintain it due to a preventive intervention;~~

~~(f) The transition time from homelessness to permanent housing;~~

~~(g) The cost per person housed at each level of the housing continuum;~~

~~(h) The ability to successfully collect data and report performance;~~

~~(i) The extent of collaboration and coordination among public bodies, as well as community stakeholders, and the level of community support and participation;~~

~~(j) The quality and safety of housing provided; and~~

~~(k) The effectiveness of outreach to homeless persons, and their satisfaction with the program.~~

~~(4)~~)) (5) Based on the performance of local homeless housing programs in meeting their ((~~interim~~)) goals, on general population changes and on changes in the homeless population recorded in the annual census, the department may ((~~revise the performance measures and goals of the state homeless housing strategic plan, set goals for years following the initial ten-year period, and recommend~~)) require changes in local governments' plans to be eligible for state funding appropriated to the department for homeless programs.

**Sec.**  RCW 43.185C.160 and 2005 c 485 s 1 are each amended to read as follows:

(1) Each county shall create a homeless housing task force to develop a ((~~ten-year~~)) five-year homeless housing plan addressing short-term and long-term housing for homeless persons. The plan is due to the department on December 1, 2018, and must be updated every five years thereafter. The plan must include a local homelessness reduction goal for the county and an implementation plan to achieve the goal over the five-year plan period. The plan must also have a specific and more aggressive goal and implementation plan to reduce youth homelessness in the county that is consistent with state reduction strategies developed by the office of homeless youth prevention and protection programs.

Membership on the task force may include representatives of the counties, cities, towns, housing authorities, civic and faith organizations, schools, community networks, human services providers, law enforcement personnel, criminal justice personnel, including prosecutors, probation officers, and jail administrators, substance abuse treatment providers, mental health care providers, emergency health care providers, businesses, at large representatives of the community, and a homeless or formerly homeless individual.

In lieu of creating a new task force, a local government may designate an existing governmental or nonprofit body which substantially conforms to this section and which includes at least one homeless or formerly homeless individual to serve as its homeless representative. As an alternative to a separate plan, two or more local governments may work in concert to develop and execute a joint homeless housing plan, or to contract with another entity to do so according to the requirements of this chapter. While a local government has the authority to subcontract with other entities, the local government continues to maintain the ultimate responsibility for the homeless housing program within its borders.

A county may decline to participate in the program authorized in this chapter by forwarding to the department a resolution adopted by the county legislative authority stating the intention not to participate. A copy of the resolution shall also be transmitted to the county auditor and treasurer. If a county declines to participate, the department shall create and execute a local homeless housing plan for the county meeting the requirements of this chapter.

(2) In addition to developing a ((~~ten-year~~)) five-year homeless housing plan, each task force shall establish guidelines consistent with the statewide homeless housing strategic plan, as needed, for the following:

(a) Emergency shelters;

(b) Short-term housing needs;

(c) Temporary encampments;

(d) Supportive housing for chronically homeless persons; and

(e) Long-term housing.

Guidelines must include, when appropriate, standards for health and safety and notifying the public of proposed facilities to house the homeless.

(3) Each county, including counties exempted from creating a new task force under subsection (1) of this section, shall report to the department ((~~of community, trade, and economic development~~)) such information as may be needed to ensure compliance with this chapter, including the annual report required in section 32 of this act.

NEW SECTION. **Sec.**  A new section is added to chapter 43.185C RCW to read as follows:

(1) By February 1st of each year, the department must provide an update on the state's homeless housing strategic plan and its activities for the prior fiscal year. The report must include, but not be limited to, the following information:

(a) An assessment of the current condition of homelessness in Washington state and the state's performance in meeting the goals in the state homeless housing strategic plan;

(b) A report on the results of the annual homeless point-in-time census conducted statewide under RCW 43.185C.030;

(c) The amount of federal, state, local, and private funds spent on homelessness assistance, categorized by funding source and the following major assistance types:

(i) Emergency shelter;

(ii) Homelessness prevention and rapid rehousing;

(iii) Permanent housing;

(iv) Permanent supportive housing;

(v) Transitional housing;

(vi) Services only; and

(vii) Any other activity in which more than five hundred thousand dollars of category funds were expended;

(d) A report on the expenditures, performance, and outcomes of state funds distributed through the consolidated homeless grant program, including the grant recipient, award amount expended, use of the funds, counties served, and households served;

(e) A report on state and local homelessness document recording fee expenditure by county, including the total amount of fee spending, percentage of total spending from fees, number of people served by major assistance type, and amount of expenditures for private rental payments required in RCW 36.22.179;

(f) A report on the expenditures, performance, and outcomes of the essential needs and housing support program meeting the requirements of RCW 43.185C.220; and

(g) A report on the expenditures, performance, and outcomes of the independent youth housing program meeting the requirements of RCW 43.63A.311.

(2) The report required in subsection (1) of this section must be posted to the department's web site and may include links to updated or revised information contained in the report.

(3) By February 1st of each year, any local government receiving state funds for homelessness assistance or state or local homelessness document recording fees under RCW 36.22.178, 36.22.179, or 36.22.1791 must provide an annual report on the current condition of homelessness in its jurisdiction, its performance in meeting the goals in its local homeless housing plan, and any significant changes made to the plan. The annual report must be posted on the department's web site. Along with each local government annual report, the department must produce and post information on the local government's homelessness spending from all sources by project during the prior state fiscal year in a format similar to the department's report under subsection (1)(c) of this section. If a local government fails to report or provides an inadequate or incomplete report, the department must take corrective action, which may include withholding state funding for homelessness assistance to the local government to enable the department to use such funds to contract with other public or nonprofit entities to provide homelessness assistance within the jurisdiction.

**Sec.**  RCW 36.22.178 and 2011 c 110 s 1 are each amended to read as follows:

The surcharge provided for in this section shall be named the affordable housing for all surcharge.

(1) Except as provided in subsection (3) of this section, a surcharge of ten dollars per instrument shall be charged by the county auditor for each document recorded, which will be in addition to any other charge authorized by law. ((~~The county may retain up to five percent of these funds collected solely for the collection, administration, and local distribution of these funds. Of the remaining funds,~~)) Forty percent of the revenue generated through this surcharge will be transmitted monthly to the state treasurer who will deposit the funds into the affordable housing for all account created in RCW 43.185C.190. The department of commerce must use these funds to provide housing and shelter for extremely low-income households, including but not limited to housing for victims of human trafficking and their families and grants for building operation and maintenance costs of housing projects or units within housing projects that are affordable to extremely low-income households with incomes at or below thirty percent of the area median income, and that require a supplement to rent income to cover ongoing operating expenses.

(2) All of the remaining funds generated by this surcharge will be retained by the county and be deposited into a fund that must be used by the county and its cities and towns for eligible housing activities as described in this subsection that serve very low-income households with incomes at or below fifty percent of the area median income. Up to six percent of the funds may be used by the county for the collection and local distribution of these funds and administrative costs related to its homeless housing plan. The portion of the surcharge retained by a county shall be allocated to eligible housing activities that serve extremely low and very low-income households in the county and the cities within a county according to an interlocal agreement between the county and the cities within the county consistent with countywide and local housing needs and policies. A priority must be given to eligible housing activities that serve extremely low-income households with incomes at or below thirty percent of the area median income. Eligible housing activities to be funded by these county funds are limited to:

(a) Acquisition, construction, or rehabilitation of housing projects or units within housing projects that are affordable to very low-income households with incomes at or below fifty percent of the area median income, including units for homeownership, rental units, seasonal and permanent farmworker housing units, units reserved for victims of human trafficking and their families, and single room occupancy units;

(b) Supporting building operation and maintenance costs of housing projects or units within housing projects eligible to receive housing trust funds, that are affordable to very low-income households with incomes at or below fifty percent of the area median income, and that require a supplement to rent income to cover ongoing operating expenses;

(c) Rental assistance vouchers for housing units that are affordable to very low-income households with incomes at or below fifty percent of the area median income, including rental housing vouchers for victims of human trafficking and their families, to be administered by a local public housing authority or other local organization that has an existing rental assistance voucher program, consistent with or similar to the United States department of housing and urban development's section 8 rental assistance voucher program standards; and

(d) Operating costs for emergency shelters and licensed overnight youth shelters.

(3) The surcharge imposed in this section does not apply to assignments or substitutions of previously recorded deeds of trust.

**Sec.**  RCW 36.22.1791 and 2011 c 110 s 3 are each amended to read as follows:

(1) In addition to the surcharges authorized in RCW 36.22.178 and 36.22.179, and except as provided in subsection (2) of this section, the county auditor shall charge an additional surcharge of eight dollars for each document recorded, which is in addition to any other charge allowed by law. The funds collected under this section are to be distributed and used as follows:

(a) The auditor shall remit ninety percent to the county to be deposited into a fund six percent of which may be used by the county for the collection and local distribution of these funds and administrative costs related to its homeless housing plan, and the remainder for programs that directly accomplish the goals of the county's local homeless housing plan, except that for each city in the county that elects, as authorized in RCW 43.185C.080, to operate its own local homeless housing program, a percentage of the surcharge assessed under this section equal to the percentage of the city's local portion of the real estate excise tax collected by the county must be transmitted at least quarterly to the city treasurer for use by the city for program costs that directly contribute to the goals of the city's local homeless housing plan.

(b) The auditor shall remit the remaining funds to the state treasurer for deposit in the home security fund account. The department may use the funds for administering the program established in RCW 43.185C.020, including the costs of creating and updating the statewide homeless housing strategic plan, measuring performance, providing technical assistance to local governments, and managing the homeless housing grant program. Remaining funds may also be used to:

(i) Provide housing and shelter for homeless people including, but not limited to: Grants to operate, repair, and staff shelters; grants to operate transitional housing; partial payments for rental assistance; consolidated emergency assistance; overnight youth shelters; grants and vouchers designated for victims of human trafficking and their families; and emergency shelter assistance; and

(ii) Fund the homeless housing grant program.

(2) The surcharge imposed in this section does not apply to assignments or substitutions of previously recorded deeds of trust.

**Sec.**  RCW 43.185C.240 and 2015 c 69 s 26 are each amended to read as follows:

(1) As a means of efficiently and cost-effectively providing housing assistance to very-low income and homeless households:

(a) Any local government that has the authority to issue housing vouchers, directly or through a contractor, using document recording surcharge funds collected pursuant to RCW 36.22.178, 36.22.179, or 36.22.1791 must:

(i)(A) Maintain an interested landlord list, which at a minimum, includes information on rental properties in buildings with fewer than fifty units;

(B) Update the list at least once per quarter;

(C) Distribute the list to agencies providing services to individuals and households receiving housing vouchers;

(D) Ensure that a copy of the list or information for accessing the list online is provided with voucher paperwork; and

(E) Communicate and interact with landlord and tenant associations located within its jurisdiction to facilitate development, maintenance, and distribution of the list to private rental housing landlords. The department must make reasonable efforts to ensure that local providers conduct outreach to private rental housing landlords each calendar quarter regarding opportunities to provide rental housing to the homeless and the availability of funds;

(ii) Using cost-effective methods of communication, convene, on a semiannual or more frequent basis, landlords represented on the interested landlord list and agencies providing services to individuals and households receiving housing vouchers to identify successes, barriers, and process improvements. The local government is not required to reimburse any participants for expenses related to attendance;

(iii) Produce data, limited to document recording fee uses and expenditures, on a ((~~calendar~~)) fiscal year basis in consultation with landlords represented on the interested landlord list and agencies providing services to individuals and households receiving housing vouchers, that include the following: Total amount expended from document recording fees; amount expended on, number of households that received, and number of housing vouchers issued in each of the private, public, and nonprofit markets; amount expended on, number of households that received, and number of housing placement payments provided in each of the private, public, and nonprofit markets; amount expended on and number of eviction prevention services provided in the private market; amount expended on and number of other tenant-based rent assistance services provided in the private market; and amount expended on and number of services provided to unaccompanied homeless youth. If these data elements are not readily available, the reporting government may request the department to use the sampling methodology established pursuant to (c)(iii) of this subsection to obtain the data; and

(iv) Annually submit the ((~~calendar~~)) fiscal year data to the department ((~~by October 1st, with preliminary data submitted by October 1, 2012, and full calendar year data submitted beginning October 1, 2013~~)).

(b) Any local government receiving more than three million five hundred thousand dollars during the previous ((~~calendar~~)) fiscal year from document recording surcharge funds collected pursuant to RCW 36.22.178, 36.22.179, and 36.22.1791, must apply to the Washington state quality award program, or similar Baldrige assessment organization, for an independent assessment of its quality management, accountability, and performance system. The first assessment may be a lite assessment. After submitting an application, a local government is required to reapply at least every two years.

(c) The department must:

(i) Require contractors that provide housing vouchers to distribute the interested landlord list created by the appropriate local government to individuals and households receiving the housing vouchers;

(ii) Convene a stakeholder group by March 1, 2017, consisting of landlords, homeless housing advocates, real estate industry representatives, cities, counties, and the department to meet to discuss long-term funding strategies for homeless housing programs that do not include a surcharge on document recording fees. The stakeholder group must provide a report of its findings to the legislature by December 1, 2017;

(iii) Develop a sampling methodology to obtain data required under this section when a local government or contractor does not have such information readily available. The process for developing the sampling methodology must include providing notification to and the opportunity for public comment by local governments issuing housing vouchers, landlord association representatives, and agencies providing services to individuals and households receiving housing vouchers;

(iv) Develop a report, limited to document recording fee uses and expenditures, on a ((~~calendar~~)) fiscal year basis that may include consultation with local governments, landlord association representatives, and agencies providing services to individuals and households receiving housing vouchers, that includes the following: Total amount expended from document recording fees; amount expended on, number of households that received, and number of housing vouchers issued in each of the private, public, and nonprofit markets; amount expended on, number of households that received, and number of housing placement payments provided in each of the private, public, and nonprofit markets; amount expended on and number of eviction prevention services provided in the private market; the total amount of funds set aside for private rental housing payments as required in RCW 36.22.179(1)(b); and amount expended on and number of other tenant-based rent assistance services provided in the private market. The information in the report must include data submitted by local governments and data on all additional document recording fee activities for which the department contracted that were not otherwise reported. The data, samples, and sampling methodology used to develop the report must be made available upon request and for the audits required in this section;

(v) Annually submit the ((~~calendar~~)) fiscal year report to the legislature by ((~~December 15th, with a preliminary report submitted by December 15, 2012, and full calendar year reports submitted beginning December 15, 2013~~)) February 1st of each year; and

(vi) Work with the Washington state quality award program, local governments, and any other organizations to ensure the appropriate scheduling of assessments for all local governments meeting the criteria described in ((~~subsection (1)~~))(b) of this ((~~section~~)) subsection.

(d) The office of financial management must secure an independent audit of the department's data and expenditures of state funds received under RCW 36.22.179(1)(b) on an annual basis. The independent audit must review a random sample of local governments, contractors, and housing providers that is geographically and demographically diverse. The independent auditor must meet with the department and a landlord representative to review the preliminary audit and provide the department and the landlord representative with the opportunity to include written comments regarding the findings that must be included with the audit. The first audit of the department's data and expenditures will be for calendar year 2014 and is due July 1, 2015. Each audit thereafter will be due July 1st following the department's submission of the report to the legislature. If the independent audit finds that the department has failed to set aside at least forty-five percent of the funds received under RCW 36.22.179(1)(b) after June 12, 2014, for private rental housing payments, the independent auditor must notify the department and the office of financial management of its finding. In addition, the independent auditor must make recommendations to the office of financial management and the legislature on alternative means of distributing the funds to meet the requirements of RCW 36.22.179(1)(b).

(e) The office of financial management must contract with an independent auditor to conduct a performance audit of the programs funded by document recording surcharge funds collected pursuant to RCW 36.22.178, 36.22.179, and 36.22.1791. The audit must provide findings to determine if the funds are being used effectively, efficiently, and for their intended purpose. The audit must review the department's performance in meeting all statutory requirements related to document recording surcharge funds including, but not limited to, the data the department collects, the timeliness and quality of required reports, and whether the data and required reports provide adequate information and accountability for the use of the document recording surcharge funds. The audit must include recommendations for policy and operational improvements to the use of document recording surcharges by counties and the department. The performance audit must be submitted to the legislature by December 1, 2016.

(2) For purposes of this section:

(a) "Housing placement payments" means one-time payments, such as first and last month's rent and move-in costs, funded by document recording surcharges collected pursuant to RCW 36.22.178, 36.22.179, or 36.22.1791 that are made to secure a unit on behalf of a tenant.

(b) "Housing vouchers" means payments, including private rental housing payments, funded by document recording surcharges collected pursuant to RCW 36.22.178, 36.22.179, or 36.22.1791 that are made by a local government or contractor to secure: (i) A rental unit on behalf of an individual tenant; or (ii) a block of units on behalf of multiple tenants.

(c) "Interested landlord list" means a list of landlords who have indicated to a local government or contractor interest in renting to individuals or households receiving a housing voucher funded by document recording surcharges.

(d) "Private rental housing" means housing owned by a private landlord and does not include housing owned by a nonprofit housing entity or government entity.

(3) This section expires June 30, 2019.

**Sec.**  RCW 43.21C.440 and 2012 1st sp.s. c 1 s 303 are each amended to read as follows:

(1) For purposes of this chapter, a planned action means one or more types of development or redevelopment that meet the following criteria:

(a) Are designated as planned actions by an ordinance or resolution adopted by a county, city, or town planning under RCW 36.70A.040;

(b) In conjunction with, or to implement, a comprehensive plan or subarea plan adopted under chapter 36.70A RCW, or a fully contained community, a master planned resort, a master planned development, or a phased project, have had the significant impacts adequately addressed ((~~in~~)):

(i) In an environmental impact statement under the requirements of this chapter ((~~in conjunction with, or to implement, a comprehensive plan or subarea plan adopted under chapter 36.70A RCW, or a fully contained community, a master planned resort, a master planned development, or a phased project~~)); or

(ii) For planned actions in areas that contain or will contain a major transit stop as defined in RCW 43.21C.420(3), in a threshold determination or, where one is appropriate, in an environmental impact statement under the requirements of this chapter;

(c) Have had project level significant impacts adequately addressed in a threshold determination or, where one is required under (b) of this subsection (1) or where otherwise appropriate, an environmental impact statement, unless the impacts are specifically deferred for consideration at the project level pursuant to subsection (3)(b) of this section;

(d) Are subsequent or implementing projects for the proposals listed in (b) of this subsection;

(e) Are located within an urban growth area designated pursuant to RCW 36.70A.110;

(f) Are not essential public facilities, as defined in RCW 36.70A.200, unless an essential public facility is accessory to or part of a residential, office, school, commercial, recreational, service, or industrial development that is designated a planned action under this subsection; and

(g) Are consistent with a comprehensive plan or subarea plan adopted under chapter 36.70A RCW.

(2) A county, city, or town shall define the types of development included in the planned action and may limit a planned action to:

(a) A specific geographic area that is less extensive than the jurisdictional boundaries of the county, city, or town; or

(b) A time period identified in the ordinance or resolution adopted under this subsection.

(3)(a) A county, city, or town shall determine during permit review whether a proposed project is consistent with a planned action ordinance adopted by the jurisdiction. To determine project consistency with a planned action ordinance, a county, city, or town may utilize a modified checklist pursuant to the rules adopted to implement RCW 43.21C.110, a form that is designated within the planned action ordinance, or a form contained in agency rules adopted pursuant to RCW 43.21C.120.

(b) A county, city, or town is not required to make a threshold determination and may not require additional environmental review, for a proposal that is determined to be consistent with the development or redevelopment described in the planned action ordinance, except for impacts that are specifically deferred to the project level at the time of the planned action ordinance's adoption. At least one community meeting must be held before the notice is issued for the planned action ordinance. Notice for the planned action and notice of the community meeting required by this subsection (3)(b) must be mailed or otherwise verifiably provided to: (i) All affected federally recognized tribal governments; and (ii) agencies with jurisdiction over the future development anticipated for the planned action. The determination of consistency, and the adequacy of any environmental review that was specifically deferred, are subject to the type of administrative appeal that the county, city, or town provides for the proposal itself consistent with RCW 36.70B.060.

(4) For a planned action ordinance that encompasses the entire jurisdictional boundary of a county, city, or town, at least one community meeting must be held before the notice is issued for the planned action ordinance. Notice for the planned action ordinance and notice of the community meeting required by this subsection must be mailed or otherwise verifiably provided to:

(a) All property owners of record within the county, city, or town;

(b) All affected federally recognized tribal governments; and

(c) All agencies with jurisdiction over the future development anticipated for the planned action.

**Sec.**  RCW 43.21C.229 and 2012 1st sp.s. c 1 s 304 are each amended to read as follows:

(1) In order to accommodate infill development and thereby realize the goals and policies of comprehensive plans adopted according to chapter 36.70A RCW, a city or county planning under RCW 36.70A.040 is authorized by this section to establish categorical exemptions from the requirements of this chapter. An exemption adopted under this section applies even if it differs from the categorical exemptions adopted by rule of the department under RCW 43.21C.110(1)(a). An exemption may be adopted by a city or county under this section if it meets the following criteria:

(a) It categorically exempts government action related to development proposed to fill in an urban growth area, designated according to RCW 36.70A.110, where current density and intensity of use in the area is lower than called for in the goals and policies of the applicable comprehensive plan and the development is either:

(i) Residential development;

(ii) Mixed-use development; or

(iii) Commercial development up to sixty-five thousand square feet, excluding retail development;

(b) It does not exempt government action related to development that is inconsistent with the applicable comprehensive plan or would exceed the density or intensity of use called for in the goals and policies of the applicable comprehensive plan;

(c) The local government considers the specific probable adverse environmental impacts of the proposed action and determines that these specific impacts are adequately addressed by the development regulations or other applicable requirements of the comprehensive plan, subarea plan element of the comprehensive plan, planned action ordinance, or other local, state, or federal rules or laws; and

(d)(i) The city or county's applicable comprehensive plan was previously subjected to environmental analysis ((~~through an environmental impact statement~~)) under the requirements of this chapter prior to adoption; or

(ii) The city or county has ((~~prepared an environmental impact statement that considers~~)), in the course of environmental analysis under the requirements of this chapter, considered the proposed use or density and intensity of use in the area proposed for an exemption under this section.

(2) Any categorical exemption adopted by a city or county under this section shall be subject to the rules of the department adopted according to RCW 43.21C.110(1)(a) that provide exceptions to the use of categorical exemptions adopted by the department.

(3) For purposes of subsection 1(d) of this section, an environmental impact statement is the required form of environmental analysis under the requirements of this chapter unless the infill development area contains or will contain a major transit stop as defined in RCW 43.21C.420(3).

NEW SECTION. **Sec.**  Sections 10 through 27 of this act constitute a new chapter in Title 84 RCW.

**--- END ---**