

SENATE BILL REPORT

SB 5269

As Reported by Senate Committee On:
Housing & Local Government, February 10, 2021

Title: An act relating to including the value of increased residential building capacity in the property tax levy limit calculation.

Brief Description: Including the value of increased residential building capacity in the property tax levy limit calculation. [**Revised for 1st Substitute:** Including the value of increased residential building capacity in the property tax levy limit calculation and zoning for multifamily housing units.]

Sponsors: Senators Das, Liias, Kuderer, Nobles, Salomon, Wellman and Wilson, C..

Brief History:

Committee Activity: Housing & Local Government: 1/27/21, 2/10/21 [DPS-WM, DNP].

Brief Summary of First Substitute Bill

- Requires all Growth Management Act planning jurisdictions to allow for multifamily housing units in areas zoned for single-family residential use within urban growth areas (UGAs).
- Requires certain parking units per lot size or dwelling unit within a UGA.
- Includes the general value increase of property conversions to multifamily housing units in the calculation of the property tax revenue limit.

SENATE COMMITTEE ON HOUSING & LOCAL GOVERNMENT

Majority Report: That Substitute Senate Bill No. 5269 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Kuderer, Chair; Das, Vice Chair; Cleveland, Lovelett and

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Salomon.

Minority Report: Do not pass.

Signed by Senators Fortunato, Ranking Member; Gildon, Assistant Ranking Member; Short, Assistant Ranking Member; Warnick.

Staff: Bonnie Kim (786-7316)

Background: Growth Management Act. The Growth Management Act (GMA) is the comprehensive land use planning framework for counties and cities in Washington. The GMA sets forth three broad planning obligations for those counties and cities who plan fully under the GMA: the county legislative authority must adopt a countywide planning policy; the county, and the cities within the county, must adopt comprehensive plans and designate critical areas, agricultural lands, forestlands, and mineral resource lands, and adopt development regulations accordingly; and the county must designate and take other actions related to urban growth areas (UGAs).

Urban Growth Areas. Counties that fully plan under the GMA must designate UGAs, areas within which urban growth must be encouraged and outside of which growth may occur only if it is not urban in nature. Planning jurisdictions must include within their UGAs sufficient areas and densities to accommodate projected urban growth for the succeeding 20-year period. In addition, cities must include sufficient areas 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.

Property Tax - Revenue. Under most circumstances, the levy for a taxing district in any year must be set so that the regular property taxes payable in the following year do not exceed the limit factor multiplied by the amount of regular property taxes lawfully levied for such district in the highest of the three most recent years in which such taxes were levied for such district plus an additional dollar amount calculated by multiplying the regular property tax levy rate of that district for the preceding year by the increase in assessed value in that district resulting from:

- new construction;
- increases in assessed value due to construction of wind turbine, solar, biomass, and geothermal facilities, if such facilities generate electricity and the property is not included elsewhere under this section for purposes of providing an additional dollar amount—the property may be classified as real or personal property;
- improvements to property; and
- any increase in the assessed value of state-assessed property.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (First Substitute): The levy for a taxing district in any year must be set

so that the regular property taxes payable in the following year do not exceed the limit factor multiplied by the amount of regular property taxes lawfully levied for such district in the highest of the three most recent years in which such taxes were levied for such district plus an additional dollar amount calculated by multiplying the regular property tax levy rate of that district for the preceding year by the increase in assessed value in that district resulting from any increase in assessed value created by the new multifamily ordinances and development regulations and not included elsewhere for purposes of providing an additional dollar amount.

To access the levy increase discussed above, within a UGA, all cities and counties must provide by ordinance and incorporate into their development regulations, zoning regulations, and other official controls, authorization for the development of duplexes, triplexes, quadplexes, sixplexes, townhouses, and cottage clusters in areas zoned for detached single-family residential use. Specifically:

- duplexes must be allowed on all lots or parcels;
- triplexes must be allowed on 80 percent of lots or parcels;
- quadplexes must be allowed on 70 percent of lots or parcels;
- sixplexes must be allowed on 50 percent of lots or parcels;
- townhouses must be allowed on 60 percent of lots or parcels; and
- cottage clusters must be allowed on 70 percent of lots or parcels.

"Cottage clusters" means groupings of no fewer than four detached housing units per acre with a footprint of less than 900 square feet each and that include a common courtyard.

"Townhouses" means a dwelling unit constructed in a row of two or more attached units, where each dwelling unit is located on an individual lot or parcel and shares at least one common wall with an adjacent unit.

A middle housing type is considered "allowed" on a lot or parcel when the following criteria are met:

- the middle housing type is a permitted use on that lot or parcel under the same administrative process as a detached single-family dwelling in the same zone;
- the lot or parcel has sufficient square footage to allow the middle housing type within the applicable minimum lot size requirement;
- maximum density requirements do not prohibit the development of the middle housing type on the subject lot or parcel; and
- the applicable siting or design standards do not individually or cumulatively cause unreasonable costs, fees, or delays to the development of that middle housing type.

To access the levy increase discussed above, within a UGA, all cities and counties must provide by ordinance and incorporate into their development regulations, zoning regulations, and other official controls, the following parking regulations:

- for lots or parcels with a duplex, a city or county may not require off-street parking spaces;
- for lots or parcels of less than 3000 square feet, a city or county may not require off-

- street parking spaces;
- for lots or parcels greater than or equal to 3000 square feet and less than 6000 square feet, a city or county may not require more than one off-street parking space total;
- for lots or parcels greater than or equal to 6000 square feet, a city or county may not require more than 0.5 times the number of dwelling units on the lot;
- a city or county may not require more than 0.5 off-street parking spaces per townhouse dwelling unit;
- a city or county may not require more than 0.5 off-street parking spaces per dwelling unit in a cottage cluster;
- a city or county may allow on-street parking credits to satisfy off-street parking requirements;
- a city or county may allow, but may not require, off-street parking to be provided as a garage or carport; and
- a city or county must apply the same off-street parking surfacing, dimensional, landscaping, access, and circulation standards that apply to single-family detached dwellings in the same zone.

New multifamily or parking-related ordinances, amendments to development regulations, and other nonproject actions taken by a city or county are not subject to administrative or judicial appeal under the State Environmental Policy Act. If adopted by December 31, 2025, amendments to development regulations and other nonproject actions taken by a city or county to implement new multifamily or parking-related requirements are not subject to administrative, quasi-judicial, or judicial appeals under the GMA.

These new ordinances, development regulations, and other official controls apply to conversions of existing buildings in addition to new developments. Non-buildable lands areas are exempt from the new zoning and parking requirements if they adopt findings providing evidence current infrastructure is not capable of supporting such development or that there is little likelihood infrastructure will be built to support such development within the 20-year planning period.

EFFECT OF CHANGES MADE BY HOUSING & LOCAL GOVERNMENT COMMITTEE (First Substitute):

- Amends the title to include zoning for multifamily housing units.
- Exempts non-buildable lands areas from new zoning and parking requirements if they adopt findings providing evidence current infrastructure is not capable of supporting such development or that there is little likelihood infrastructure will be built to support such development within the 20-year planning period.
- Removes a 3-year limitation on the increased assessed value in calculating the property tax revenue limit.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Proposed Substitute: *The committee recommended a different version of the bill than what was heard.* PRO: This bill offers a solution to the affordable housing crisis by authorizing local governments increased revenue if they offer a wider range of housing options. This is an optional opt-in bill targeting missing middle housing. Land costs are a significant portion of housing costs. This bill allows builders to address high land costs and build more affordable housing. This bill provides an incentive to increase housing density within communities. This bill only affects the UGA. Parking is a main driver for housing costs. This bill will address harmful exclusionary practices and help curb sprawl.

CON: Local governments need to be accountable for the housing plans they put in place. Property tax is incorporated into the cost of a mortgage so this bill would add to the cost of homeownership. Locals could impose regulations making missing middle construction cost-prohibitive even if the zoning laws are changed.

OTHER: The requirement that all counties planning under the GMA plan for the types of housing in this bill is onerous. Some counties are not urban and do not have the infrastructure to support the additional types of housing. The parking restrictions should be tied to the availability of transit.

Persons Testifying: PRO: Senator Mona Das, Prime Sponsor; Carl Schroeder, Association of Washington Cities; Ryan Donohue, Habitat for Humanity Seattle-King County; Nisma Gabobe, Sightline Institute; Bryce Yadon, Futurewise.

CON: Jan Himebaugh, Building Industry Association of Washington.

OTHER: Paul Jewell, Washington State Association of Counties.

Persons Signed In To Testify But Not Testifying: No one.