

Local Government Committee

BILL ANALYSIS ESSB 5914

TITLE OF THE BILL: Providing incentive and enforcement measures for compliance with growth management housing goals.

WHAT THIS BILL DOES: *For counties with at least 1.5 million population, imposes new Growth Management Act review and evaluation requirements and establishes parameters and creates incentives for accommodating growth.*

SPONSORS: Senate State and Local Government Committee (originally sponsored by Senators Patterson, Prentice, McCaslin, Oke, Kline, Sheahan, Franklin, Shin, Goings, Haugen, Winsley, and Rasmussen).

HEARING DATE: Thursday, April 1, 1999

FISCAL NOTE: Available.

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BACKGROUND:

Growth Management Act Requirements

The Growth Management Act (GMA) requires a county and its cities to plan if the county meets specified population and growth criteria as determined by the Office of Financial Management (OFM). Counties not meeting these criteria may choose to plan under the GMA.

The GMA requires all counties and cities in the state to designate and protect critical areas and to designate natural resource lands. The GMA imposes additional requirements on counties and cities planning under RCW 36.70A.040 (GMA jurisdictions), including:

- identification and protection of *critical areas*;
- identification and conservation of *agricultural, forest, and mineral resource lands*;
- designation of *urban growth areas* (UGAs), based on OFM 20-year growth projections;
- adoption of *county-wide planning policies* addressing, among other items, UGA designations and policies considering the need and distribution parameters for affordable housing;
- adoption of *comprehensive plans* to include land use, housing, capital facilities plan, utilities, rural, and transportation elements; and
- adoption of *development regulations* implementing the comprehensive plans.

Generally, a GMA jurisdiction is required to adopt a comprehensive plan and implementing development regulations consistent with GMA requirements within four years of the date the GMA jurisdiction became required or chose to plan under RCW 36.70A.040. By September 1, 2002, and every five years thereafter, GMA jurisdictions must review comprehensive plans and development regulations for consistency with GMA requirements and revise plans and regulations if necessary.

GMA comprehensive plans and development regulations are presumed valid upon adoption but may be appealed to one of three regional Growth Management Hearings Boards (Boards). The Boards have authority to determine compliance with GMA requirements. The Boards' decisions may be appealed to superior courts.

Buildable Lands Study

The GMA requires six western Washington counties (Snohomish, King, Pierce, Kitsap, Thurston, and Clark) and their cities to establish a review and evaluation program to determine whether their county-wide planning policies are meeting planned residential densities and uses. The purpose of the program is to determine whether a county and its cities are achieving urban densities in UGAs and to identify reasonable measures, other than adjusting UGAs, that will be taken to comply with GMA requirements.

The minimum requirements for the evaluation component are to:

- determine whether sufficient suitable land exists to accommodate OFM county-wide population projections and the corresponding population allocations among counties, cities and towns;
- determine actual housing density in UGAs and the actual amount of land developed for commercial and industrial uses within UGAs; and
- review commercial, industrial and housing needs by type and density range to determine the amount of land needed for future population growth according to OFM projections.

The first review and evaluation of data on land uses and activities within and outside UGAs must be completed by September 1, 2002, and data must be reevaluated every five years. If the evaluation shows planned densities are not being met, the county and its cities must take measures to increase consistency between what was envisioned and what has occurred. The Department of Community, Trade and Economic Development (CTED) is required to report to the legislature on the effectiveness of the program by December 31, 2007.

Real Estate Excise Tax

The real estate excise tax (REET) applies to sales of real property and to transfers of controlling interests in entities owning property in the state. The proceeds from the state REET are deposited into the general

fund for exclusive use in funding K-12 education and public works trust fund.

Most local governments impose an additional local REET at a rate not to exceed 0.25 percent of the selling price of the property, and additional local options for the REET are available. Revenues generated from the 0.25 percent local REET must be used as follows:

- in counties and cities with a population of less than 5,000 and those counties and cities not planning under RCW 36.70A.040, for capital purposes identified in a capital improvement plan and local capital improvements; and
- in counties and cities with a population over 5,000 and in GMA jurisdictions, for financing capital projects identified in a capital facilities plan element of a comprehensive plan and housing relocation assistance.

Public Facilities Grants and Loans

A state agency considering awarding grants or loans to a county or city for financing public facilities must consider whether the county or city is a party to a GMA county-wide planning policy relating to the type of public facilities for which the grant or loan is sought. The agency must give additional preference to the county or city if such a county-wide planning policy exists. For requests from special districts, the state agency must consider whether the county or city in whose planning jurisdiction the special district is located is a party to a GMA county-wide planning policy relating to the public facilities for which the grant or loan is sought.

SUMMARY:

Growth Management Act Requirements

In addition to existing county-wide planning policy requirements, counties with at least 1.5 million population must address in county-wide planning policies the need for affordable housing, such as housing for all economic segments of the population and parameters for its distribution to the urban, unincorporated areas of the county and each of the cities within the county. By December 31, 1999, county-wide planning policies in such counties must include housing production goals for the county and each of its cities in ten-year intervals, sufficient to accommodate housing needs based upon OFM 20-year growth projections. New goals must be established when OFM issues new population projections.

Buildable Lands Study

Counties with at least 1.5 million population are exempt from the existing review and evaluation program. The new review and evaluation program for such counties must provide for annual collection and reporting of data on urban and rural land uses including the:

- number of residential development applications and number of residential units;
- number of applications approved, the number of residential units, and density of residential units compared to maximum density allowed on the site;
- net number of new residential dwelling units;
- number of applications made for commercial and industrial development;
- number of applications approved for commercial and industrial development, including the square

- footage and estimated number of employees;
- assessment of market forces, including a county-wide housing availability analysis; and
- assessment of the availability of public services and facilities to serve the population growth.

The evaluation component of the program must:

- require a joint report from the county and its cities regarding regional growth patterns and trends, comparing employment, housing growth, market conditions, and compiling data on new development;
- determine whether sufficient land suitable for development exists to accommodate the county-wide population projection and future projected growth;
- determine the amount of known environmentally sensitive land and public open space that cannot be developed.

If the evaluation demonstrates the county or any city has fallen short of its ten-year goal for new residential construction by more than 15 percent or is not developing according to planned land use designations and densities, the county or city must revise its comprehensive land use plan and development regulations as necessary. The county or city not meeting the criteria must adopt and implement measures within one year, or within the next cycle, to revise local planning documents to increase consistency during the subsequent ten-year period and to ensure the jurisdiction can accommodate the residential units necessary. The Boards may review a county's or city's failure to make appropriate changes within the specified period.

Measures counties and cities subject to the new review and evaluation program may implement to accommodate growth include:

- amending the jurisdiction's comprehensive plan or development regulations to include incentive-based measures encouraging development at sufficient densities to accommodate 20-year residential, commercial, and industrial needs; and
- up-zoning or revising zoning designations to encourage development at sufficient densities to accommodate 20-year residential, commercial, and industrial needs.

A jurisdiction participating in the new review and evaluation program whose zoning is consistent with its comprehensive plan is entitled to incentives to help accommodate growth and achieve goals, including:

- authorization to utilize state funding for "transfer of development rights" banks and amenities to accommodate growth as provided for in the state general fund budget;
- eligibility for property tax abatement for multi-family housing;
- upon achieving growth no less than 15 percent below projected goals, additional points for funding formulas used to award state public facilities grants.

CTED is required to report to the legislature on the effectiveness of the program by December 31, 2003 and December 31, 2008.

The Governor is authorized to impose sanctions based on any the failure of a county with at least 1.5 million population or any of its cities to:

- provide sufficient land suitable for development to accommodate allocated population projections;

- accommodate growth or provide incentives;
- achieve not less than 15 percent below specified housing goals; or
- make significant progress toward eliminating housing production obstacles and deficiencies.

Real Estate Excise Tax

The legislative authority of any county or city must identify in the adopted budget the low-income housing activities funded in whole or in part from the proceeds of the local REET. A plan for the expenditure of the local REET proceeds must be prepared by the legislative authority, and a public hearing must be held to obtain public input.

Public Facilities Grants and Loans

Whenever a state agency is considering competing grant or loan requests for financing public facilities from counties with at least 1.5 million population and their cities, the state agency must grant priority status to any jurisdiction in compliance with the new review and evaluation program requirements. Similar priority provisions for competing requests for grants and loans from the Community Economic Revitalization Board. The Department of Ecology must consider whether counties with at least 1.5 million population and their cities are in compliance with the new review and evaluation program requirements when considering requests for funding from the state water quality account.

Biennial appropriations to the state Department of Transportation are to set forth allocations for an amount to be administered for grants to counties with at least 1.5 million population and their cities that are in compliance with the requirements of the new review and evaluation program.