H-3381.1

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**HOUSE BILL 2560**

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**State of Washington 65th Legislature 2018 Regular Session**

**By** Representatives Condotta and Barkis

AN ACT Relating to advancing the American dream by allowing increased family residential development in counties where the first-time buyer housing affordability index shows that housing is not affordable; adding a new section to chapter 36.70A RCW; and creating a new section.

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

NEW SECTION. **Sec.**  The legislature finds that first-time home buyers in Washington state have been priced out of the housing market in many counties. The legislature finds that studies have determined that growth management restrictions increase the cost of housing.

The legislature intends to make housing more available and affordable for first-time home buyers in counties where housing is currently not affordable for first-time home buyers. The legislature intends to do this by allowing single-family detached residential development to be placed outside of urban growth boundaries in counties where the first-time buyer housing affordability index indicates that housing is not affordable for first-time home buyers.

NEW SECTION. **Sec.**  A new section is added to chapter 36.70A RCW to read as follows:

(1) For the purposes of this section, "first-time buyer housing affordability index" means a calculation that measures the ability of a typical renter household to afford the purchase of a typical starter home by assuming: (a) The household will purchase a home priced at eighty-five percent of area median household income with a ten percent down payment; (b) the home mortgage loan is for a term of thirty years at the prevailing average fixed rate of interest; and (c) the potential first-time home buyer earns seventy percent of the area median household income and twenty-five percent of household income can be used for principal and interest payments.

(2) For the purposes of this section, a first-time buyer housing affordability index of: (a) One hundred indicates that a household of the defined income can afford a home of the defined price; (b) less than one hundred indicates that a household of the defined income cannot afford a home of the defined price without spending more than twenty-five percent of their income on mortgage payments; and (c) greater than one hundred indicates that a household of the defined income can afford a home of the defined price while spending less than twenty-five percent of their income on mortgage payments.

(3)(a) In any county planning under RCW 36.70A.040 in which the first-time buyer housing affordability index, as calculated by the county legislative authority and adopted by ordinance or development regulation, is less than one hundred for three quarters in any given year, for the following two years the county may permit single-family detached residential development of any density outside the urban growth area designated according to RCW 36.70A.110. For the purposes of this chapter, single-family detached residential development authorized according to this section shall not be considered urban growth located outside of an urban growth area and may have access to and use urban governmental services. Services provided to single-family detached residential development permitted under this section shall not be considered urban services located outside of an urban growth area.

(b) Any county planning under RCW 36.70A.040 implementing this subsection may:

(i) Change its comprehensive plan once to authorize the adoption of subsequent ordinances to implement the provisions of this section. Once the comprehensive plan includes the authorization to implement this section, any subsequent ordinance or development regulations are deemed consistent with the comprehensive plan without further comprehensive plan amendments;

(ii) Calculate the first-time buyer housing affordability index and enact an ordinance or development regulations authorizing the permitting of new locations for increased density of single-family detached residential development as provided for in (a) of this subsection; or

(iii) Enact an ordinance or development regulations that provide new locations for or increased density of single-family detached residential development which are contingent upon a determination under (a) of this subsection that the first-time buyer housing affordability index was less than one hundred for three quarters in any given year.

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