
Local Government Committee

HB 1157

Brief Description: Increasing housing supply through the growth management act and housing density tax incentives for local governments.

Sponsors: Representatives Bateman, Gilday, Taylor, Eslick, Robertson, Simmons, Ormsby, Lekanoff, Hackney, Ryu, Walen, Vick, Wicks, Berg, Fitzgibbon, Barkis, Harris-Talley and Dolan.

Brief Summary of Bill

- Requires jurisdictions to plan for additional housing types and consider housing locations in relation to employment locations in the housing element of the comprehensive plan.
- Requires jurisdictions to ensure that housing is properly planned for and housing targets are implemented in the land use element of the comprehensive plan.
- Requires urban densities within urban growth areas to include at least six net dwelling units per acre for areas zoned for housing.
- Requires counties and cities to adopt housing targets in the countywide planning policy and seek to balance housing supply with employment in the jurisdiction.
- Authorizes counties and cities to establish a real estate excise tax density incentive zone within urban growth areas.

Hearing Date: 1/27/21

Staff: Elizabeth Allison (786-7129).

Background:

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.

The Growth Management Act (GMA) is the state's comprehensive land use planning framework for counties and cities. The GMA establishes land use designation and environmental protection requirements for all Washington counties and cities, and a significantly wider array of planning duties for the 29 counties and the cities within that are obligated by population-based criteria or choice to satisfy all planning requirements of the GMA.

Countywide Planning Policies.

Before adopting a comprehensive plan, counties fully planning under the GMA must adopt countywide planning policies in cooperation with adjacent cities to coordinate planning.

Countywide planning policies must establish a countywide framework from which county and city comprehensive plans are developed and adopted. The countywide planning policy must address specific policies, including policies that consider the need for affordable housing, such as housing for all economic segments of the population and parameters for its distribution.

Counties with a population greater than 150,000 as of 1996 and that are located west of the crest of the Cascade Mountains are required to establish and adopt countywide planning policies to establish a review and evaluation program to determine whether a county and its cities are achieving urban densities within urban growth areas (UGA) and identify reasonable measures that will be taken to comply with the GMA. Any other county fully planning under the GMA may adopt and establish countywide planning policies to establish a review and evaluation program.

Comprehensive Plans.

The GMA directs jurisdictions that fully plan under the GMA to adopt internally consistent comprehensive land use plans that are generalized, coordinated land use policy statements of the governing body. Comprehensive plans must include specific planning elements, such as a housing element, land use element, and utilities element, each of which is a subset of a comprehensive plan. Planning jurisdictions must implement comprehensive plans through locally adopted development regulations that conform to the plan.

The land use element sets the direction of future growth and must designate the proposed general distribution, location, and extent of the uses of land for agriculture, timber production, housing, commerce, industry, recreation, open spaces, general aviation, airports, public utilities, public facilities, and other land uses. It must include population densities, building intensities, and estimates of future population growth. The land use element is usually depicted as a policy-oriented future land use map, which is then implemented by the official zoning map.

The housing element of the comprehensive plan must ensure the vitality and character of established residential neighborhoods and must include the following:

- an inventory and analysis of existing and projected housing needs that identifies the number of housing units necessary to manage projected growth;
- a statement of goals, policies, objectives, and mandatory provisions for the preservation, improvement, and development of housing, including single-family residences;
- identification of sufficient land for housing which includes government-assisted housing,

housing for low-income families, manufactured housing, multifamily housing, and group homes and foster care facilities; and

- adequate provisions for existing and projected needs of all economic segments of the communities.

Urban Growth Areas.

Counties that fully plan under the GMA are required to designate UGAs within their boundaries sufficient to accommodate a planned 20-year population projection range provided by the Office of Financial Management. Each city located within a planning county must be included within a UGA. Urban growth must be encouraged within the UGAs, and only growth that is not urban in nature can occur outside of UGAs. Each urban growth area must permit urban densities and include greenbelt and open space areas.

Excise Tax on Real Estate Sales.

Real estate excise tax (REET) is a tax on the sale of real estate. The REET is typically paid by the seller of the property, although the buyer is liable for the tax if it is not paid. The tax applies to the seller. The tax also applies to transfers of controlling interests, 50 percent or more, in entities that own property in the state. The tax base is the selling price of real estate, including the amount of any liens, mortgages, and other debts.

Summary of Bill:

Comprehensive Plan.

The housing element of the comprehensive plan is modified in the following ways:

- jurisdictions must include duplexes, triplexes, fourplexes, townhomes, accessory dwelling units, and courtyard apartments in the types of housing for which sufficient land must be identified; and
- jurisdictions must include consideration of housing locations in relation to employment locations when making adequate provisions for existing and projected needs of economic segments of the community.

The land use element of the comprehensive plan must ensure that housing under the housing element is properly planned for and housing targets are implemented.

Urban Growth Areas.

When planning for urban growth within UGAs, counties and cities must include areas and densities sufficient to meet mandatory provisions for the development of housing as required in the comprehensive plan and countywide planning policy.

For counties, and the cities within those counties, that are required or choose to establish and adopt a review and evaluation program (planning counties and cities), urban densities within UGAs must include at least six net dwelling units per acre for areas zoned for and which allow housing. Counties and cities subject to this requirement may opt out if they can demonstrate that the area subject to the requirement meets one or more of the following standards:

- the presence of critical areas would prevent the area from being developed at six net dwelling units per acre;
- the area is more than .5 miles from a major transit stop;
- the area is within a national historic reserve;
- the county or city demonstrates that the area is not necessary to meet the housing requirements in the comprehensive plan or countywide planning policy; or
- the county or city documents a specific infrastructure or physical constraint that would make the requirement infeasible for a particular area, and efforts are being taken to remedy the deficiency.

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Countywide Planning Policies.

For planning counties and cities, countywide planning policy requirements are modified to require that counties and cities adopt housing targets for housing types identified in the housing element of the comprehensive plan to demonstrate that the counties and cities are collectively planning for the existing and projected housing needs as required in the housing element of the comprehensive plan. Policies that consider the need for housing must seek to balance the housing supply with employment in the jurisdiction, giving special consideration to workforce housing and creating opportunities for first-time home ownership. This change is effective January 1, 2025.

Real Estate Excise Tax Density Incentive Zones.

Planning counties and cities are authorized to establish a REET density incentive zones. A REET density incentive zone (incentive zone) is an area within a UGA where the city or county adopts zoning and development regulations to increase housing supply by allowing construction of additional housing types as outright permitted uses. Upon establishing an incentive zone, the local government receives a portion of the REET imposed for sales of qualified residential dwelling units within the incentive zone.

A qualified residential dwelling is either an individual residential dwelling unit or a residential building of two or more dwelling units constructed within an incentive zone that achieves a net increase in the total number of residential dwelling units compared to the maximum number of residential dwelling units that could have been built prior to the adoption of zoning and development regulations creating the incentive zone.

An incentive zone may only be located within a UGA and must allow single-family detached dwellings at a net density of at least six dwelling units per acre, duplexes, triplexes, fourplexes, townhomes, accessory dwelling units, and courtyard apartments. An incentive zone may also allow housing types and densities that exceed the minimum UGA requirements as outright permitted uses.

An incentive zone may not be established later than one year after the date by which a city or county is required to update its comprehensive plan. Once an incentive zone is established, a qualified residential dwelling unit may be constructed at any time.

Beginning July 1, 2023, the REET collected within an incentive zone is distributed to a county or city as follows:

- for a qualified residential dwelling unit located more than .5 miles from a mass transit stop, 50 percent of the amounts collected to the city or county where the dwelling is located; and
- for a qualified residential dwelling unit located less than or equal to .5 miles from a mass transit stop, 25 percent of the amounts collected to the city or county where the dwelling is located.

The distribution to a city or county applies to both the initial and all subsequent sales of a qualified residential dwelling unit. The amounts distributed to a city and county may only be used for costs associated with adoption or amendments of plans under the GMA, preparation of the review and evaluation report, long-term planning, code and development regulation amendments for the purpose of increasing housing supply, or code and development regulation amendments that decrease the amount of time necessary to obtain permits for housing.

Appropriation: None.

Fiscal Note: Requested on 1/19/2021.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.