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**HOUSE BILL 2353**

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**State of Washington**

**68th Legislature**

**2024 Regular Session**

**By** Representatives Nance, Duerr, Simmons, Lekanoff, Shavers, McEntire, Hutchins, Griffey, Barkis, Couture, Morgan, Leavitt, Cheney, and Reed

Read first time 01/12/24. Referred to Committee on Housing.

1 AN ACT Relating to promoting affordable housing in unincorporated  
2 areas within urban growth areas of counties; amending RCW 84.14.040  
3 and 84.14.060; and creating a new section.

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

5 **Sec. 1.** RCW 84.14.040 and 2021 c 187 s 4 are each amended to  
6 read as follows:

7 (1) The following criteria must be met before an area may be  
8 designated as a residential targeted area:

9 (a) The area must be within an urban center, as determined by the  
10 governing authority;

11 (b) The area must lack, as determined by the governing authority,  
12 sufficient available, desirable, and convenient residential housing,  
13 including affordable housing, to meet the needs of the public who  
14 would be likely to live in the urban center, if the affordable,  
15 desirable, attractive, and livable places to live were available;

16 (c) The providing of additional housing opportunity, including  
17 affordable housing, in the area, as determined by the governing  
18 authority, will assist in achieving one or more of the stated  
19 purposes of this chapter;

20 (d) If the residential targeted area is designated by a county,  
21 the area must be located in an unincorporated area of the county that

1 is within an urban growth area under RCW 36.70A.110 (~~and the area~~  
2 ~~must be: (i) In a rural county, served by a sewer system and~~  
3 ~~designated by a county prior to January 1, 2013; or (ii) in a county~~  
4 ~~that includes a campus of an institution of higher education, as~~  
5 ~~defined in RCW 28B.92.030, where at least one thousand two hundred~~  
6 ~~students live on campus during the academic year; and (iii) until~~  
7 ~~July 15, 2024, in a county seeking to promote transit supportive~~  
8 ~~densities and efficient land use in an area that is located within a~~  
9 ~~designated urban growth area and within .25 miles of a corridor where~~  
10 ~~bus service is scheduled at least every thirty minutes for no less~~  
11 ~~than 10 hours per weekday and is in service or is planned for service~~  
12 ~~to begin within five years of designation)); and~~

13 (e) For a residential targeted area designated by a county after  
14 July 25, 2021, the county governing authority must conduct an  
15 evaluation of the risk of potential displacement of residents  
16 currently living in the area if the tax incentives authorized in this  
17 chapter were to be used in the area. The county may use an existing  
18 analysis if one exists. An area may not be designated as a  
19 residential targeted area unless: (i) The evaluation finds that the  
20 risk of displacement is minimal; or (ii) the governing authority  
21 mitigates the risk of displacement with locally adopted mitigation  
22 measures such as, but not limited to, ensuring that those directly or  
23 indirectly displaced have a first right of refusal to occupy the  
24 newly created dwelling units receiving an exemption under this  
25 chapter, including the affordable units if they otherwise meet the  
26 qualifications.

27 (2) For the purpose of designating a residential targeted area or  
28 areas, the governing authority may adopt a resolution of intention to  
29 so designate an area as generally described in the resolution. The  
30 resolution must state the time and place of a hearing to be held by  
31 the governing authority to consider the designation of the area and  
32 may include such other information pertaining to the designation of  
33 the area as the governing authority determines to be appropriate to  
34 apprise the public of the action intended.

35 (3) The governing authority must give notice of a hearing held  
36 under this chapter by publication of the notice once each week for  
37 two consecutive weeks, not less than seven days, nor more than  
38 ~~((thirty))~~ 30 days before the date of the hearing in a paper having a  
39 general circulation in the city or county where the proposed  
40 residential targeted area is located. The notice must state the time,

1 date, place, and purpose of the hearing and generally identify the  
2 area proposed to be designated as a residential targeted area.

3 (4) Following the hearing, or a continuance of the hearing, the  
4 governing authority may designate all or a portion of the area  
5 described in the resolution of intent as a residential targeted area  
6 if it finds, in its sole discretion, that the criteria in subsections  
7 (1) through (3) of this section have been met.

8 (5) After designation of a residential targeted area, the  
9 governing authority must adopt and implement standards and guidelines  
10 to be utilized in considering applications and making the  
11 determinations required under RCW 84.14.060. The standards and  
12 guidelines must establish basic requirements for both new  
13 construction and rehabilitation, which must include:

14 (a) Application process and procedures;

15 (b) Income and rent standards for affordable units;

16 (c) Requirements that address demolition of existing structures  
17 and site utilization; and

18 (d) Building requirements that may include elements addressing  
19 parking, height, density, environmental impact, and compatibility  
20 with the existing surrounding property and such other amenities as  
21 will attract and keep permanent residents and that will properly  
22 enhance the livability of the residential targeted area in which they  
23 are to be located.

24 (6) (a) The governing authority may adopt and implement, either as  
25 conditions to eight-year exemptions or as conditions to an extended  
26 exemption period under RCW 84.14.020(1)(a)(ii) (B) or (C), or as  
27 conditions to any combination of exemptions authorized under this  
28 chapter, more stringent income eligibility, rent, or sale price  
29 limits, including limits that apply to a higher percentage of units,  
30 than the minimum conditions for an extended exemption period under  
31 RCW 84.14.020(1)(a)(ii) (B) or (C).

32 (b) Additionally, a governing authority may adopt and implement  
33 as a contractual prerequisite to any exemption granted pursuant to  
34 RCW 84.14.020:

35 (i) A requirement that applicants pay at least the prevailing  
36 rate of hourly wage established under chapter 39.12 RCW for journey  
37 level and apprentice workers on residential and commercial  
38 construction;

39 (ii) Payroll record requirements consistent with RCW  
40 39.12.120(1);

1 (iii) Apprenticeship utilization requirements consistent with RCW  
2 39.04.310; and

3 (iv) A contracting inclusion plan developed in consultation with  
4 the office of minority and women's business enterprises.

5 (7) For any multiunit housing located in an unincorporated area  
6 of a county, a property owner seeking tax incentives under this  
7 chapter must commit to renting or selling at least ~~((twenty))~~ 20  
8 percent of the multifamily housing units as affordable housing units  
9 to low and moderate-income households. In the case of multiunit  
10 housing intended exclusively for owner occupancy, the minimum  
11 requirement of this subsection (7) may be satisfied solely through  
12 housing affordable to moderate-income households.

13 (8) Nothing in this section prevents a governing authority from  
14 adopting and implementing additional requirements to any exemption  
15 granted under RCW 84.14.020.

16 **Sec. 2.** RCW 84.14.060 and 2014 c 96 s 5 are each amended to read  
17 as follows:

18 (1) The duly authorized administrative official or committee of  
19 the city or county may approve the application if it finds that:

20 (a) A minimum of four new units are being constructed or in the  
21 case of occupied rehabilitation or conversion a minimum of four  
22 additional multifamily units are being developed;

23 (b) If applicable, the proposed multiunit housing project meets  
24 the affordable housing requirements as described in RCW 84.14.020;

25 (c) The proposed project is or will be, at the time of  
26 completion, in conformance with all local plans and regulations that  
27 apply at the time the application is approved;

28 (d) The owner has complied with all standards and guidelines  
29 adopted by the city or county under this chapter; and

30 (e) The site is located in a residential targeted area of an  
31 urban center or urban growth area that has been designated by the  
32 governing authority in accordance with procedures and guidelines  
33 indicated in RCW 84.14.040.

34 (2) An application may not be approved after July 1, 2007, if any  
35 part of the proposed project site is within a campus facilities  
36 master plan(~~(, except as provided in RCW 84.14.040(1)(d))~~).

37 (3) An application may not be approved for a residential targeted  
38 area in a rural county on or after January 1, 2020.

1        NEW SECTION.    **Sec. 3.**    RCW 82.32.805 and 82.32.808 do not apply  
2    to this act.

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