

SENATE BILL REPORT

SB 6364

As of January 29, 2020

Title: An act relating to incentivizing smaller, more affordable single-family home development through impact fee schedule modifications.

Brief Description: Incentivizing smaller, more affordable single-family home development through impact fee schedule modifications.

Sponsors: Senators Zeiger and Mullet.

Brief History:

Committee Activity: Housing Stability & Affordability: 1/27/20.

Brief Summary of Bill

- Authorizes local governments to implement a tiered fee structure in their impact fee schedules for single-family homes based on square footage per bedroom of the housing unit.

SENATE COMMITTEE ON HOUSING STABILITY & AFFORDABILITY

Staff: Brandon Popovac (786-7465)

Background: Growth Management Act. The Growth Management Act (GMA) is the comprehensive land use planning framework for county and city governments in Washington. Enacted in 1990 and 1991, the GMA established numerous planning requirements for counties and cities obligated by mandate or choice to fully plan under the GMA, known as planning jurisdictions, and a reduced number of directives for all other counties and cities. Twenty-eight of Washington's 39 counties, and the cities within those counties, are planning jurisdictions.

Impact Fees. Planning jurisdictions may impose impact fees on development activity as part of the financing of public facilities needed to serve new growth and development. This financing must provide a balance between impact fees and other sources of public funds and cannot rely solely on impact fees. Impact fees may only be imposed for system improvements reasonably related to the new development, may not exceed a proportionate

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share of the costs of system improvements, and must be used for system improvements that will reasonably benefit the new development.

Impact fees may be collected and spent only for qualifying public facilities included within a capital facilities plan element of a comprehensive plan. Public facilities, within the context of impact fee statutes, are the following capital facilities owned or operated by government entities:

- public streets and roads;
- publicly owned parks, open space, and recreation facilities;
- school facilities; and
- fire protection facilities.

County and city ordinances by which impact fees are imposed must conform with specific requirements. Among other obligations, these ordinances must include a schedule of impact fees for each type of development activity for which a fee is imposed. The schedule must be based on a formula or other method of calculating impact fees.

Summary of Bill: A local government's impact fee schedule for development activity consisting of single-family homes may provide for a tiered fee structure based on square footage per bedroom of the housing unit that provides a proportionally lower impact fee for single-family homes with a lower square footage per bedroom ratio.

The stated purpose of the tiered fee structure is to incentivize the construction of smaller, more affordable single-family homes with lower impacts.

Single-family home is defined as an owner occupied single-family residential detached dwelling.

Appropriation: None.

Fiscal Note: Not requested.

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: PRO: The bill is part of a package of impact fee bills intended to start a conversation about how to implement impact fees differently given that they are a real barrier to developing affordable housing. Authorizing local governments to assess impact fees based on a square footage formula rather than a per unit assessment could incentivize more affordable housing, and the jurisdiction can decide what the fee structure would look like. Current and complex affordable housing solutions are not working, including any solution that is contrary to what the market will bear or that implements long-term oversight for compliance. Better incentives can be created through short-term tax abatements and parking reductions and have worked well in Canada and New York. Cities and counties should be provided flexibility and simply apply a square footage rate consisting of a percentage in impact fee reductions based on a range of square footage. Some cities are doing this right now. The definition of single family home should include attached and semi-

attached housing up to four units. Any tiered fee structure should not require a back fill of impact fee credit.

CON: There is concern with incentivizing one particular type of development and putting impact fee pressure on other types of development. Other types of housing developments will end up with higher impact fees.

Persons Testifying: PRO: Senator Hans Zeiger, Prime Sponsor; Bill Riley, citizen; Shawn Manley, citizen.

CON: Jan Himebaugh, Building Industry Association of Washington.

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