H-2528.1

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**SUBSTITUTE HOUSE BILL 2066**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**State of Washington 67th Legislature 2022 Regular Session**

**By** House Environment & Energy (originally sponsored by Representatives Barkis, Klicker, Dufault, Gilday, Sutherland, Eslick, and Dent)

AN ACT Relating to exemptions for infill development under the state environmental policy act; amending RCW 43.21C.229 and 36.70A.215; and providing an expiration date.

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

**Sec.**  RCW 43.21C.229 and 2020 c 87 s 1 are each amended to read as follows:

(1) In order to accommodate infill development and thereby realize the goals and policies of comprehensive plans adopted according to chapter 36.70A RCW, a city or county planning under RCW 36.70A.040 is authorized by this section to establish categorical exemptions from the requirements of this chapter. An exemption adopted under this section applies even if it differs from the categorical exemptions adopted by rule of the department under RCW 43.21C.110(1)(a). An exemption may be adopted by a city or county under this section if it meets the following criteria:

(a) It categorically exempts government action related to development proposed to fill in an urban growth area, designated according to RCW 36.70A.110, where current density and intensity of use in the area is roughly equal to or lower than called for in the goals and policies of the applicable comprehensive plan and the development is either:

(i) Residential development;

(ii) Mixed-use development; or

(iii) Commercial development up to sixty-five thousand square feet, excluding retail development;

(b) It does not exempt government action related to development that is inconsistent with the applicable comprehensive plan or would clearly exceed the density or intensity of use called for in the goals and policies of the applicable comprehensive plan;

(c) The local government considers the specific probable adverse environmental impacts of the proposed action and determines that these specific impacts are adequately addressed by the development regulations or other applicable requirements of the comprehensive plan, subarea plan element of the comprehensive plan, planned action ordinance, or other local, state, or federal rules or laws; and

(d)(i) The city or county's applicable comprehensive plan was ((~~previously~~)) subjected to environmental analysis in the previous seven years through an environmental impact statement under the requirements of this chapter prior to adoption; or

(ii) The city or county has prepared an environmental impact statement that considers the proposed use or density and intensity of use in the area proposed for an exemption under this section.

(2) Any categorical exemption adopted by a city or county under this section shall be subject to the rules of the department adopted according to RCW 43.21C.110(1)(a) that provide exceptions to the use of categorical exemptions adopted by the department.

(3) A city that is subject to the requirement to develop reasonable measures pursuant to RCW 36.70A.215 must consider how to maximize the use of the infill development exemption established in this section, consistent with maintaining environmental protections, in order to minimize the duplication of environmental review.

(4) Any categorical exemption adopted by a city or county under this section must provide a means for collaboration and coordination with any federally recognized tribe or tribes whose ceded lands, usual and accustomed areas, or areas protected by executive order or federal statute are affected by the infill development that is the subject of the exemption. The collaboration and coordination must ensure that the cultural resource concerns of any such tribe or tribes are addressed before any development or ground disturbance may occur at the location of the infill development.

**Sec.**  RCW 36.70A.215 and 2017 3rd sp.s. c 16 s 2 are each amended to read as follows:

(1) Subject to the limitations in subsection (5) of this section, a county shall adopt, in consultation with its cities, countywide planning policies to establish a review and evaluation program. This program shall be in addition to the requirements of RCW 36.70A.110, 36.70A.130, and 36.70A.210. In developing and implementing the review and evaluation program required by this section, the county and its cities shall consider information from other appropriate jurisdictions and sources. The purpose of the review and evaluation program shall be to:

(a) Determine whether a county and its cities are achieving urban densities within urban growth areas by comparing growth and development assumptions, targets, and objectives contained in the countywide planning policies and the county and city comprehensive plans with actual growth and development that has occurred in the county and its cities; and

(b) Identify reasonable measures, other than adjusting urban growth areas, that will be taken to comply with the requirements of this chapter. Reasonable measures are those actions necessary to reduce the differences between growth and development assumptions and targets contained in the countywide planning policies and the county and city comprehensive plans with actual development patterns. The reasonable measures process in subsection (3) of this section shall be used as part of the next comprehensive plan update to reconcile inconsistencies.

(2) The review and evaluation program shall:

(a) Encompass land uses and activities both within and outside of urban growth areas and provide for annual collection of data on urban and rural land uses, development, zoning and development standards, environmental regulations including but not limited to critical areas, stormwater, shoreline, and tree retention requirements; and capital facilities to determine the quantity and type of land suitable for development, both for residential and employment-based activities;

(b) Provide for evaluation of the data collected under (a) of this subsection as provided in subsection (3) of this section. The evaluation shall be completed no later than three years prior to the deadline for review and, if necessary, update of comprehensive plans and development regulations as required by RCW 36.70A.130. For comprehensive plans required to be updated before 2024, the evaluation as provided in subsection (3) of this section shall be completed no later than two years prior to the deadline for review and, if necessary, update of comprehensive plans. The county and its cities may establish in the countywide planning policies indicators, benchmarks, and other similar criteria to use in conducting the evaluation;

(c) Provide for methods to resolve disputes among jurisdictions relating to the countywide planning policies required by this section and procedures to resolve inconsistencies in collection and analysis of data; and

(d) Develop reasonable measures to use in reducing the differences between growth and development assumptions and targets contained in the countywide planning policies and county and city comprehensive plans, with the actual development patterns. The reasonable measures shall be adopted, if necessary, into the countywide planning policies and the county or city comprehensive plans and development regulations during the next scheduled update of the plans. A city that adopts reasonable measures pursuant to this section must consider how to maximize the use of the infill development exemption established in RCW 43.21C.229, consistent with maintaining environmental protections, in order to minimize the duplication of environmental review.

(3) At a minimum, the evaluation component of the program required by subsection (1) of this section shall:

(a) Determine whether there is sufficient suitable land to accommodate the countywide population projection established for the county pursuant to RCW 43.62.035 and the subsequent population allocations within the county and between the county and its cities and the requirements of RCW 36.70A.110. The zoned capacity of land alone is not a sufficient standard to deem land suitable for development or redevelopment within the twenty-year planning period;

(b) An evaluation and identification of land suitable for development or redevelopment shall include:

(i) A review and evaluation of the land use designation and zoning/development regulations; environmental regulations (such as tree retention, stormwater, or critical area regulations) impacting development; and other regulations that could prevent assigned densities from being achieved; infrastructure gaps (including but not limited to transportation, water, sewer, and stormwater); and

(ii) Use of a reasonable land market supply factor when evaluating land suitable to accommodate new development or redevelopment of land for residential development and employment activities. The reasonable market supply factor identifies reductions in the amount of land suitable for development and redevelopment. The methodology for conducting a reasonable land market factor shall be determined through the guidance developed in RCW 36.70A.217;

(c) Provide an analysis of county and/or city development assumptions, targets, and objectives contained in the countywide planning policies and the county and city comprehensive plans when growth targets and assumptions are not being achieved. It is not appropriate to make a finding that assumed growth contained in the countywide planning policies and the county or city comprehensive plan will occur at the end of the current comprehensive planning twenty-year planning cycle without rationale;

(d) Determine the actual density of housing that has been constructed and the actual amount of land developed for commercial and industrial uses within the urban growth area since the adoption of a comprehensive plan under this chapter or since the last periodic evaluation as required by subsection (1) of this section; and

(e) Based on the actual density of development as determined under (b) of this subsection, review commercial, industrial, and housing needs by type and density range to determine the amount of land needed for commercial, industrial, and housing for the remaining portion of the twenty-year planning period used in the most recently adopted comprehensive plan.

(4) From funds appropriated by the legislature for this purpose, the department shall provide grants to counties, cities, and regional planning organizations required under subsection (5) of this section to conduct the review and perform the evaluation required by this section.

(5) The provisions of this section shall apply to counties, and the cities within those counties, that were greater than one hundred fifty thousand in population in 1996 as determined by office of financial management population estimates and that are located west of the crest of the Cascade mountain range. Any other county planning under RCW 36.70A.040 may carry out the review, evaluation, and amendment programs and procedures as provided in this section.

(6) The requirements of this section are subject to the availability of funds appropriated for this specific purpose. If sufficient funds are not appropriated consistent with the timelines in subsection (2)(b) of this section, counties and cities shall be subject to the review and evaluation program as it existed prior to October 19, 2017.

NEW SECTION. **Sec.**  Section 2 of this act expires January 1, 2030.

**--- END ---**