
SUBSTITUTE HOUSE BILL 2001

State of Washington

67th Legislature

2022 Regular Session

By House Local Government (originally sponsored by Representatives McCaslin, Graham, Jacobsen, Chase, and Sutherland)

READ FIRST TIME 02/03/22.

1 AN ACT Relating to expanding the ability to build tiny houses;
2 amending RCW 36.70A.540; and creating new sections.

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

4 NEW SECTION. **Sec. 1.** In 2019 the legislature enacted a
5 statutory framework encouraging the construction of tiny houses and
6 tiny house communities. These homes provide a unique opportunity in
7 the affordable housing market. It is the objective of the legislature
8 to facilitate more development of housing that people with lower
9 incomes can own and remove barriers that would prevent the
10 development of tiny houses and tiny house communities.

11 **Sec. 2.** RCW 36.70A.540 and 2009 c 80 s 1 are each amended to
12 read as follows:

13 (1) (a) Any city or county planning under RCW 36.70A.040 may enact
14 or expand affordable housing incentive programs providing for the
15 development of low-income housing units through development
16 regulations or conditions on rezoning or permit decisions, or both,
17 on one or more of the following types of development: Residential;
18 commercial; industrial; or mixed-use. An affordable housing incentive
19 program may include, but is not limited to, one or more of the
20 following:

- 1 (i) Density bonuses within the urban growth area;
- 2 (ii) Height and bulk bonuses;
- 3 (iii) Fee waivers or exemptions;
- 4 (iv) Parking reductions; or
- 5 (v) Expedited permitting.

6 (b) The city or county may enact or expand such programs whether
7 or not the programs may impose a tax, fee, or charge on the
8 development or construction of property.

9 (c) If a developer chooses not to participate in an optional
10 affordable housing incentive program adopted and authorized under
11 this section, a city, county, or town may not condition, deny, or
12 delay the issuance of a permit or development approval that is
13 consistent with zoning and development standards on the subject
14 property absent incentive provisions of this program.

15 (2) Affordable housing incentive programs enacted or expanded
16 under this section shall comply with the following:

17 (a) The incentives or bonuses shall provide for the development
18 of low-income housing units;

19 (b) Jurisdictions shall establish standards for low-income renter
20 or owner occupancy housing, including income guidelines consistent
21 with local housing needs, to assist low-income households that cannot
22 afford market-rate housing. Low-income households are defined for
23 renter and owner occupancy program purposes as follows:

24 (i) Rental housing units to be developed shall be affordable to
25 and occupied by households with an income of fifty percent or less of
26 the county median family income, adjusted for family size;

27 (ii) Owner occupancy housing units shall be affordable to and
28 occupied by households with an income of eighty percent or less of
29 the county median family income, adjusted for family size. The
30 legislative authority of a jurisdiction, after holding a public
31 hearing, may establish lower income levels; and

32 (iii) The legislative authority of a jurisdiction, after holding
33 a public hearing, may also establish higher income levels for rental
34 housing or for owner occupancy housing upon finding that higher
35 income levels are needed to address local housing market conditions.
36 The higher income level for rental housing may not exceed eighty
37 percent of the county area median family income. The higher income
38 level for owner occupancy housing may not exceed one hundred percent
39 of the county area median family income. These established higher

1 income levels are considered "low-income" for the purposes of this
2 section;

3 (c) The jurisdiction shall establish a maximum rent level or
4 sales price for each low-income housing unit developed under the
5 terms of a program and may adjust these levels or prices based on the
6 average size of the household expected to occupy the unit. For
7 renter-occupied housing units, the total housing costs, including
8 basic utilities as determined by the jurisdiction, may not exceed
9 thirty percent of the income limit for the low-income housing unit;

10 (d) Where a developer is utilizing a housing incentive program
11 authorized under this section to develop market rate housing, and is
12 developing low-income housing to satisfy the requirements of the
13 housing incentive program, the low-income housing units shall be
14 provided in a range of sizes comparable to those units that are
15 available to other residents. To the extent practicable, the number
16 of bedrooms in low-income units must be in the same proportion as the
17 number of bedrooms in units within the entire development. The
18 low-income units shall generally be distributed throughout the
19 development and have substantially the same functionality as the
20 other units in the development;

21 (e) Low-income housing units developed under an affordable
22 housing incentive program shall be committed to continuing
23 affordability for at least fifty years. A local government, however,
24 may accept payments in lieu of continuing affordability. The program
25 shall include measures to enforce continuing affordability and income
26 standards applicable to low-income units constructed under this
27 section that may include, but are not limited to, covenants, options,
28 or other agreements to be executed and recorded by owners and
29 developers;

30 (f) Programs authorized under subsection (1) of this section may
31 apply to part or all of a jurisdiction and different standards may be
32 applied to different areas within a jurisdiction or to different
33 types of development. Programs authorized under this section may be
34 modified to meet local needs and may include provisions not expressly
35 provided in this section or RCW 82.02.020;

36 (g) Low-income housing units developed under an affordable
37 housing incentive program are encouraged to be provided within
38 developments for which a bonus or incentive is provided. However,
39 programs may allow units to be provided in a building located in the

1 general area of the development for which a bonus or incentive is
2 provided; and

3 (h) Affordable housing incentive programs may allow a payment of
4 money or property in lieu of low-income housing units if the
5 jurisdiction determines that the payment achieves a result equal to
6 or better than providing the affordable housing on-site, as long as
7 the payment does not exceed the approximate cost of developing the
8 same number and quality of housing units that would otherwise be
9 developed. Any city or county shall use these funds or property to
10 support the development of low-income housing, including support
11 provided through loans or grants to public or private owners or
12 developers of housing.

13 (3) Affordable housing incentive programs enacted or expanded
14 under this section may be applied within the jurisdiction to address
15 the need for increased residential development, consistent with local
16 growth management and housing policies, as follows:

17 (a) The jurisdiction shall identify certain land use designations
18 within a geographic area where increased residential development will
19 assist in achieving local growth management and housing policies;

20 (b) The jurisdiction shall provide increased residential
21 development capacity through zoning changes, bonus densities, height
22 and bulk increases, parking reductions, or other regulatory changes
23 or other incentives;

24 (c) The jurisdiction shall determine that increased residential
25 development capacity or other incentives can be achieved within the
26 identified area, subject to consideration of other regulatory
27 controls on development; and

28 (d) The jurisdiction may establish a minimum amount of affordable
29 housing that must be provided by all residential developments being
30 built under the revised regulations, consistent with the requirements
31 of this section.

32 (4) To provide more affordable housing options, tiny house
33 communities may be part of an incentive program permitted under this
34 section.

35 NEW SECTION. **Sec. 3.** This act shall be liberally construed to
36 carry out its purposes and objectives.

--- END ---