

# HOUSE BILL REPORT

## HB 2474

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### As Reported by House Committee On:

Housing  
Appropriations

**Title:** An act relating to compliance with siting requirements for transitional housing, permanent supportive housing, indoor emergency shelters, and indoor emergency housing.

**Brief Description:** Concerning compliance with siting requirements for transitional housing, permanent supportive housing, indoor emergency shelters, and indoor emergency housing.

**Sponsors:** Representatives Peterson, Alvarado, Gregerson, Berry, Leavitt, Fosse, Macri, Nance, Chopp and Bateman.

### Brief History:

#### Committee Activity:

Housing: 1/29/24, 1/30/24 [DP];  
Appropriations: 2/3/24, 2/5/24 [DPS].

#### Brief Summary of Substitute Bill

- Requires a city to submit zoning ordinances and related development regulations for permanent supportive housing, transitional housing, indoor emergency housing, or indoor emergency shelters to the Department of Commerce (Commerce) for a determination of compliance before taking effect.
- Prohibits a city from denying a project permit application for permanent supportive housing, transitional housing, indoor emergency housing, or indoor emergency shelters, or approving a permit with conditions or restrictions that have a substantial adverse impact on the viability of the development, unless it has received a final determination of compliance from Commerce or a court, unless other specific conditions are met.
- Requires a city to submit a final decision on a project permit application for permanent supportive housing, transitional housing, indoor

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*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.*

emergency housing, or indoor emergency shelters to Commerce for review.

- Allows a permit applicant for permanent supportive housing, transitional housing, indoor emergency housing, or indoor emergency shelters to submit a copy of the project permit application to Commerce or request Commerce's review of any denial, rescission, or conditions for approval by a city.

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## HOUSE COMMITTEE ON HOUSING

**Majority Report:** Do pass. Signed by 8 members: Representatives Peterson, Chair; Alvarado, Vice Chair; Leavitt, Vice Chair; Bateman, Chopp, Entenman, Reed and Taylor.

**Minority Report:** Do not pass. Signed by 1 member: Representative Hutchins.

**Minority Report:** Without recommendation. Signed by 4 members: Representatives Klicker, Ranking Minority Member; Connors, Assistant Ranking Minority Member; Barkis and Low.

**Staff:** Serena Dolly (786-7150).

### **Background:**

Cities may not prohibit transitional housing or permanent supportive housing in any zones where residential dwelling units or hotels are allowed. Cities may not prohibit indoor emergency housing or shelters in any zones where hotels are allowed, except for cities that have adopted an ordinance authorizing indoor emergency housing and shelters in a majority of zones within a 1-mile proximity to transit.

Reasonable occupancy, spacing, and intensity of use requirements may be imposed by ordinance on permanent supportive housing, transitional housing, indoor emergency housing, and indoor emergency shelters for public health and safety purposes, but any requirements may not prevent the siting of such housing or shelters necessary to accommodate each city's need as identified in the housing element of its comprehensive plan.

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### **Summary of Bill:**

Before denying or rescinding a permit application for transitional housing, permanent supportive housing, or indoor emergency shelters or housing, a city must submit any zoning

ordinance and related development regulations addressing the reasonable occupancy, spacing, or intensity of use requirements to the Department of Commerce (Commerce) for review and approval.

If Commerce finds that the city ordinance, denial, or rescission prohibits the siting of transitional housing or permanent supportive housing, the city may not establish or enforce zoning ordinances for any zone in which residential dwelling units or hotels are allowed until the city ordinance is amended, and Commerce is authorized to develop all zoning regulations within those zones.

If Commerce finds that the city ordinance, denial, or rescission prohibits the siting of indoor emergency housing or indoor emergency shelters, the city may not establish or enforce zoning ordinances for any zone in which hotels are allowed until the city ordinance is amended, and Commerce is authorized to develop all zoning regulations within those zones.

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**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony:**

(In support) The state is seeing patterns of cities who are enacting onerous regulations or denying some types of housing and shelter. Cities should embrace these types of housing in their communities. While many are, some still are not. The state is making tremendous investments in housing, and market rate housing is not going to work for everyone. While homelessness increases, the number of beds are staying the same. People tend to stay in the communities where they were last housed, and these are not outsiders moving into communities. The most vulnerable need support and housing. People need to be brought inside to save their lives. Financing is not the most significant hurdle, but instead it is roadblocks by community members and businesses. Groups are intimidating city councils. Organizations trying to site and build these housing and shelters have faced retaliation and intimidation. In other cases, cities have defunded organizations and projects. Fully funded housing and shelters are being stopped over fear and discrimination. These practices are squandering state funds and impeding progress on addressing homelessness. This is a good accountability measure.

(Opposed) While there may have been problems in a couple of cities, it is not a pattern. This is a one-size-fits-all mandate that ignores community needs and the actions cities are already taking. It would create a bureaucratic bottle neck, dilute public involvement, and limit local discretion. State law already places requirements on cities, and the Growth

Management Hearings Board offers quick decisions in the case of disputes. The bill needs clarification related to what documents cities need to send to Commerce and how a city may come back into compliance. In addition, it should allow cities to ask Commerce to proactively review and approve ordinances without the threat of a penalty. An alternative to the bill would be to clarify existing definitions and requirements.

**Persons Testifying:** (In support) Representative Strom Peterson, prime sponsor; Dan Wise, Catholic Community Services; Michael White, King County; Michele Thomas, Washington Low Income Housing Alliance; Jon Culver; Benjamin Maritz; Melanie Smith, Seattle and King County Coalition on Homelessness; Elizabeth Murphy, Plymouth Housing; Bryce Yadon, Futurewise; and David Dorrian.

(Opposed) Salim Nice; and Carl Schroeder, Association of Washington Cities.

**Persons Signed In To Testify But Not Testifying:** None.

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## HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 19 members: Representatives Ormsby, Chair; Bergquist, Vice Chair; Gregerson, Vice Chair; Macri, Vice Chair; Berg, Callan, Chopp, Davis, Fitzgibbon, Lekanoff, Pollet, Riccelli, Ryu, Senn, Simmons, Slatter, Springer, Stonier and Tharinger.

**Minority Report:** Do not pass. Signed by 11 members: Representatives Corry, Ranking Minority Member; Chambers, Assistant Ranking Minority Member; Connors, Assistant Ranking Minority Member; Couture, Assistant Ranking Minority Member; Dye, Harris, Rude, Sandlin, Schmick, Stokesbary and Wilcox.

**Staff:** Jackie Kauble (786-7125).

### **Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Housing:**

The substitute bill:

- establishes a process for cities to submit zoning ordinances and related development regulations addressing occupancy, spacing, or intensity of use requirements for permanent supportive housing, transitional housing, indoor emergency housing, or indoor emergency shelters to Commerce for a determination of compliance that:
  - requires a city to notify Commerce in advance and submit the ordinance and related development regulations to Commerce prior to final adoption;
  - directs Commerce to review any submitted documents prior to final adoption by the city and advise the city of the actions necessary to receive a determination of compliance;
  - requires a city to submit any zoning ordinance and related development

- regulations for a determination of compliance within 10 days of final adoption prior to taking effect;
- authorizes Commerce to review the zoning ordinance and related development regulations submitted by a city and issue a final written decision, which will be sent to the city, published in the Washington State Register, posted on Commerce's website, and sent to other relevant state agencies;
  - allows Commerce's final decision to be appealed to the Growth Management Hearings Board; and
  - prohibits a city from denying a project permit application, or approving a permit with conditions or restrictions that have a substantial adverse impact on the viability of the development, unless it has received a final decision from Commerce or a court, or other specific conditions have been met;
- directs Commerce to publish and post on its website a local government compliance list that includes whether a city has applied for a determination of compliance, whether Commerce has issued a final decision, and, if a final decision has been made, the nature and date of any decision and the status or outcome of any appeals;
  - requires Commerce to publish a model ordinance for cities to comply with siting requirements for permanent supportive housing, transitional housing, indoor emergency housing, or indoor emergency shelters;
  - establishes a process for Commerce to review a city's final decision on a project permit application for permanent supportive housing, transitional housing, indoor emergency housing, or indoor emergency shelters that:
    - requires a city to offer dispute resolution to the applicant prior to a final decision;
    - requires a city, if dispute resolution is unsuccessful or a final decision has been issued, to submit the project permit application and any related documents, including a statement of the reason for the denial or rescission, to Commerce for review;
    - authorizes Commerce to either affirm the final decision or reverse the final decision and return it to the city for modification or further proceedings;
    - allows Commerce's final decision to be appealed under the Land Use Petition Act; and
    - directs Commerce, in the case of a city's continuing refusal to issue a permit after reversal, to notify the State Treasurer to withhold from the city the following revenues until the city complies: the motor vehicle fuel tax, the Transportation Improvement Account, the Rural Arterial Trust Account, the sales and use tax, the liquor profit tax, and the liquor excise tax;
  - allows an applicant for a housing or shelter permit to submit a copy of the project permit application to Commerce or request Commerce's review of any denial, rescission, or conditions for approval by a city; and
  - adds a null and void clause, making the bill null and void unless funded in the omnibus appropriations act, referencing the act by bill or chapter number, by June 30, 2024.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed. However, the bill is null and void unless funded in the budget.

**Staff Summary of Public Testimony:**

(In support) Affordable housing is needed everywhere to meet the growing homelessness crisis. The state has made historic investments in this effort, and has given cities and providers resources to act with urgency. Unfortunately, some cities are making it harder to site housing and even canceling projects altogether, like the City of Kenmore, where a fully funded project was canceled after two years of meetings with city staff and many city council meetings because of misinformation and fearmongering.

Some cities have started enacting onerous zoning regulations that are preventing organizations from providing shelters in their communities and have even had ordinances that attempt to close existing programs. There are many requirements that are roadblocks and unfunded mandates that must be met to get the satisfaction of the city. Nonprofit organizations are facing retaliation and intimidation tactics because of their effort to bring the homeless inside.

This bill is a strategic solution to combat these challenges and would grant Commerce the authority to ensure state and local funding can be effectively deployed. This work requires partnership across sectors and communities. Adopting and funding this bill is a prudent decision that enables us to overcome unreasonable resistance, and put our limited fiscal resources to work for those in dire need.

(Opposed) This bill undermines the principles of local governance and public involvement by restricting a local government's ability to exercise discretion in zoning decisions related to transitional housing, permanent supportive housing, and emergency shelters. The one-size-fits-all mandate disregards the unique needs and character of individual communities which is best understood and addressed at the local level. Previous legislation, like House Bill 1220, already mandates that cities plan for and accommodate these housing types and shelters. This bill would create a bureaucratic bottleneck that duplicates efforts and complicates the process. The bill dilutes the role of public involvement in the local planning process by transferring significant authority to Commerce and distancing decisions from the communities.

This bill seems to be in response to actions that the citizens of Kenmore took in opposing a housing project that was not in the best interest of the community. This particular housing project was not as transparent about what types of vouchers would be issued. It was

believed that the vouchers would be for families, women, and children in the area, but the voucher was limited to single individuals who do not have a job and do not have to be from Kenmore. This is a bad bill that will allow nonelected government employees to control the action of any city related to housing.

It is unsure if this bill is going to solve the events that preceded this bill. Tough discussions were held to ensure that all cities have to provide for these housing types. However, the scope of the problem is not yet known. Commerce comments on these sorts of ordinances, so perhaps they can advise if they are making comments in terms of this bill before the state spends millions per biennium.

(Other) There was hope that housing units in Kenmore intended to serve seniors, veterans, and those with disabilities would come to the city as the high rent increases are causing them to become homeless. However, the building project that was canceled would have been no-barrier housing for those addicted to drugs which is not safe for seniors or the homeless.

While there is support behind the intent of the bill, there are concerns about the process that is outlined and how it can be implemented, particularly when it comes to timing, notice requirements, and clear guidance on how cities can comply. The bill anticipates Commerce doing review of the ordinances once they have been adopted. It is unclear how it would apply to ordinances that have already been adopted and whether all those ordinances would no longer be effective upon the effective date of the bill. This could mean that there could be a reduction in areas where these housing types are allowed because there would be no ordinances in effect.

**Persons Testifying:** (In support) Sarah Dickmeyer, Plymouth Housing; Michael White; and Donna Christensen, Catholic Community Services.

(Opposed) Salim Nice; Dale Walker; Rachelle Stocum; and Carl Schroeder, Association of Washington Cities.

(Other) Briahna Murray; and Stacey Valenzuela.

**Persons Signed In To Testify But Not Testifying:** None.