

SENATE BILL REPORT

E2SHB 1110

As Reported by Senate Committee On:
Housing, March 22, 2023

Title: An act relating to creating more homes for Washington by increasing middle housing in areas traditionally dedicated to single-family detached housing.

Brief Description: Increasing middle housing in areas traditionally dedicated to single-family detached housing.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Bateman, Barkis, Reed, Taylor, Riccelli, Berry, Fitzgibbon, Peterson, Duerr, Lekanoff, Alvarado, Street, Ryu, Ramel, Cortes, Doglio, Macri, Mena, Gregerson, Thai, Bergquist, Farivar, Wylie, Stonier, Pollet, Santos, Fosse and Ormsby).

Brief History: Passed House: 3/6/23, 75-21.

Committee Activity: Housing: 3/17/23, 3/22/23 [DPA-WM, DNP, w/oRec].

Brief Summary of Amended Bill

- Requires certain cities planning under the Growth management Act to authorize minimum development densities on lots zoned predominately for residential use and include specific provisions related to middle housing in their development regulations.
- Requires the Department of Commerce to develop model middle housing ordinances, a process for cities to seek approval of alternative local actions, guidance to assist cities on items to include in a parking study, and provide technical assistance to cities to implement the requirements.

SENATE COMMITTEE ON HOUSING

Majority Report: Do pass as amended and be referred to Committee on Ways & Means.
Signed by Senators Kuderer, Chair; Frame, Vice Chair; Cleveland, Saldaña,

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.

Shewmake and Trudeau.

Minority Report: Do not pass.

Signed by Senators Fortunato, Ranking Member; Wilson, J..

Minority Report: That it be referred without recommendation.

Signed by Senators Braun, Gildon and Rivers.

Staff: Melissa Van Gorkom (786-7491)

Background: Growth Management Act. The Growth Management Act (GMA) is the comprehensive land use planning framework for counties and cities in Washington. The GMA establishes land use designation and environmental protection requirements for all Washington counties and cities. The GMA also establishes a significantly wider array of planning duties for 28 counties, and the cities within those counties, that are obligated to satisfy all planning requirements of the GMA. These jurisdictions are sometimes said to be fully planning under the GMA.

Counties that fully plan under the GMA are required to designate urban growth areas (UGAs) within their boundaries sufficient to accommodate a planned 20-year population projection range provided by the Office of Financial Management (OFM). Each city located within a planning county must be included within a UGA. Urban growth must be encouraged within the UGAs, and only growth not urban in nature can occur outside of the UGAs. Each UGA must permit urban densities and include greenbelt and open space areas.

Comprehensive Plans. The GMA directs fully planning jurisdictions to adopt internally consistent comprehensive land use plans. When developing their comprehensive plans, counties and cities must consider various goals set forth in statute, and include mandatory elements such as housing and a capital facilities plan. Comprehensive plans are implemented through locally adopted development regulations, and both must be reviewed and revised every ten years. The review and revision deadlines are staggered as follows:

- on or before December 31, 2024 for King, Kitsap, Pierce, and Snohomish counties, and the cities within those counties, with the following review, and if needed, revision on or before June 30, 2034;
- on or before June 30, 2025 for Clallam, Clark, Island, Jefferson, Lewis, Mason, San Juan, Skagit, Thurston, and Whatcom counties and the cities within those counties;
- on or before June 30, 2026 for Benton, Chelan, Cowlitz, Douglas, Franklin, Kittitas, Skamania, Spokane, Walla Walla, and Yakima counties and the cities within those counties; and
- on or before June 30, 2027 for Adams, Asotin, Columbia, Ferry, Garfield, Grant, Grays Harbor, Klickitat, Lincoln, Okanogan, Pacific, Pend Oreille, Stevens, Wahkiakum, and Whitman counties and the cities within those counties.

The Department of Commerce (Commerce) must establish a program of technical and financial assistance to encourage and facilitate cities and counties to adopt and implement

comprehensive plans.

Housing Element. Comprehensive plans must include a housing element that ensures the vitality and character of established residential neighborhoods. The housing element must include the following:

- an inventory and analysis of existing and projected housing needs that identifies the number of housing units necessary to manage projected growth, as provided by Commerce;
- a statement of goals, policies, objectives, and mandatory provisions for the preservation, improvement, and development of housing;
- identification of sufficient capacity of land for various housing;
- adequate provisions for existing and projected needs of all economic segments of the community;
- identification of local policies and regulations that result in racially disparate impacts, displacement, and exclusion of housing;
- identification and implementation of policies and regulations to address and begin to undo racially disparate impacts, displacement, and exclusion of housing caused by local policies, plans, and actions;
- identification of neighborhoods that may be at higher risk of displacement from market forces; and
- establishment of antidisplacement policies.

Planning Actions to Increase Residential Building Capacity. Fully planning cities are encouraged to take an array of specified planning actions to increase residential building capacity which include, for example:

- authorizing a duplex, triplex, quadplex, sixplex, stacked flat, townhouse, or courtyard apartment on parcels;
- authorizing cluster zoning or lot size averaging in all zoning districts that permit single-family residences;
- adopting increases in categorical exemptions to the State Environmental Policy Act (SEPA) for residential or mixed-use development;
- adopting a form-based code in one or more zoning districts that permit residential uses;
- authorizing a duplex on each corner lot within all zoning districts that permit single-family residences;
- authorizing accessory-dwelling units in one or more zoning districts in which they are currently prohibited;
- adopting ordinances authorizing administrative review of preliminary plats; and
- allowing off-street parking to compensate for lack of on-street parking when private roads are used, or a parking demand study shows that less parking is required.

In general, ordinances and other nonproject actions taken to implement these specified planning actions are not subject to administrative or judicial appeal under SEPA, and any action taken by a city prior to April 1, 2023, to amend its comprehensive plan or adopt or

amend ordinances or development regulations, solely to increase residential building capacity are not subject to legal challenge under the GMA.

Affordable Housing Incentive Programs. Jurisdictions that fully plan under the GMA are authorized to enact or expand affordable housing incentive programs to provide for the development of low-income housing units if various requirements, such as committing low-income housing units developed to continuing affordability for at least 50 years, are met. These programs may be implemented through development regulations, conditions on rezoning or permit decisions, or both, on residential, commercial, industrial, and mixed-use development.

Common Interest Communities. A common interest community (CIC) is a form of real estate in which each unit owner or homeowner has an exclusive interest in a unit or lot and a shared or undivided interest in common area property. In Washington, several statutes govern residential CICs, such as condominiums and homeowners' associations (HOA). Generally these groups can regulate or limit the use of property by its members.

Summary of Amended Bill: Density Requirements. A fully planning city meeting the population criteria, must provide by ordinance and incorporate into its development regulations, zoning regulations, and other official controls, authorization for the development of a minimum number of units on all lots zoned predominately for residential use by six months after the city's next required comprehensive plan update, or 12 months after OFM determines a city has reached the population threshold, whichever is later.

A fully planning city with a population of at least 25,000 but less than 75,000, that is not within a contiguous UGA with the largest city in a county with a population of more than 275,000, must include authorization for at least:

- two units per lot;
- four units per lot if at least one unit is affordable housing; and
- four units per lot within one-half mile walking distance of a major transit stop.

A fully planning city with a population of at least 75,000, or any city located within a contiguous UGA with the largest city in a county with a population of more than 275,000, must include authorization for at least:

- four units per lot;
- six units per lot if at least two of the units are affordable housing; and
- six units per lot within one-quarter mile walking distance of a major transit stop.

To qualify for the additional units the applicant must commit to renting or selling the required number of units as affordable housing. The units must be maintained as affordable for a term of at least 50 years, and record a covenant or deed restriction that ensures the continuing affordability and address criteria and policies to maintain public benefit if the property is converted to a use other than which continues to provide for permanent affordable housing. The units dedicated as affordable must:

- be generally distributed throughout the development;
- be provided in a range of sizes comparable to other units in the development;
- to the extent practicable, provide the same proportion of bedrooms in affordable units as the number of bedrooms in units within the entire development; and
- have substantially the same functionality as the other units in the development.

A city with an affordable housing incentive program may vary from these affordable housing requirements and require any development to provide affordable housing, either on-site or through an in-lieu payment.

Density requirements do not apply:

- to lots designated with critical areas or their buffers; or
- to a watershed serving a reservoir for potable water if that watershed is, or was listed as of the effective date, as impaired or threatened under the federal Clean Water Act.

Alternative Density Requirement. *Alternative for Certain Cities within Contiguous Urban Growth Areas.* As an alternative, cities with a population of less than 75,000 within a contiguous UGA with the largest city in a county with a population of more than 275,000 may authorize at least:

- three units per lot;
- four units per lot if at least one unit is affordable housing; and
- six units per lot within one-quarter mile walking distance of a major transit stop.

Seventy-five Percent Alternative. Cities subject to the density requirements may choose to implement the density requirements for at least 75 percent of lots in the city that are primarily dedicated to single-family detached housing units. Unless identified as at higher risk of displacement, the 75 percent of lots allowing the minimum densities must include any areas:

- for which the exclusion would further racially disparate impacts or result in zoning with a discriminatory effect;
- historically covered by a covenant or deed restriction excluding racial minorities from owning property or living in the area; or
- within one-half mile walking distance of a major transit stop.

The 25 percent where density requirements are not implemented must include:

- any areas within the city for which Commerce has certified an extension due to the risk of displacement or lack of infrastructure capacity;
- any lots designated with critical areas or their buffers;
- any portion of the city within a one-mile radius of a commercial airport with at least 9 million annual enplanements that is exempt from parking requirements; and
- any areas subject to sea level rise, increased flooding, or geological hazards over the next 100 years.

A city that implements the density requirements for at least 75 percent of lots in the city that

are primarily dedicated to single-family detached housing units may apply to Commerce for an extension: to timelines established; or for areas at risk of displacement as determined by the antidisplacement analysis. The city must create a plan for implementing antidisplacement policies by their next comprehensive plan implementation progress report. Any extensions of the timelines established may only be applied to specific areas where a city can demonstrate water, sewer, stormwater or fire protection services lack capacity to accommodate the density required, and the city has: included one or more improvements within its capital facilities plan to increase capacity; or identified which special district is responsible for providing the necessary infrastructure. The extension of timelines remains in effect until the earliest of:

- the infrastructure is improved to accommodate the capacity;
- the city's deadline to complete its next periodic comprehensive plan update; or
- the city's deadline to complete its comprehensive plan implementation progress report to Commerce.

If an extension of the timeline is requested due to lack of water supply from the city or the purveyors who serve water within the city, Commerce's evaluation must be based on the applicable water system plans in effect and approved by the Department of Health. A city may reapply for an additional timeline extension with its next periodic comprehensive plan update or five-year implementation progress report. The extension application must include a list of infrastructure improvements necessary to meet the required capacity. Commerce must provide the Legislature with a list of those projects identified in a city's capital facilities plan that were the basis for the extension. A city granted an extension of timeliness for a specific area must allow development if the developer commits to providing the necessary water, sewer, or stormwater infrastructure.

Middle Housing Requirements. A city must allow at least six of the nine of middle housing types and may allow accessory dwelling units to achieve the unit density requirements. Middle housing is defined as buildings that are compatible in scale, form, and character with single-family homes and contain two or more attached, stacked, or clustered homes including duplexes, triplexes, fourplexes, fiveplexes, sixplexes, townhouses, stacked flats, courtyard apartments, and cottage housing.

Any city subject to the middle housing requirements:

- must allow zero lot line short subdivision where the number of lots created is equal to the unit density required;
- may only adopt objective development and design standards on the development of middle housing;
- may only apply a development permit process for middle housing whereby an application is reviewed, approved, or denied based solely on objective design and development standards without a public meeting or hearing, unless such review is otherwise required by state or federal law, or the structure is a designated landmark or historic district established under a local preservation ordinance;
- may not require standards for middle housing that are more restrictive than those

- required for detached single-family residences;
- must apply to middle housing the same development permit and environmental review processes regulations that apply to detached single-family residences, unless otherwise required by state law;
- may not require off-street parking as a condition of permitting development of middle housing within one-half mile walking distance of a major transit stop;
- may not require more than one off-street parking space per unit as a condition of permitting development of middle housing on lots smaller than 6000 square feet
- may not require more than two off-street parking spaces per unit as a condition of permitting development of middle housing on lots greater than 6000 square feet; and
- may impose a limit of two units on a residential lot of 2000 square feet or less created through a lot split.

A categorical exemption from SEPA is established for development regulations that remove parking requirements for infill development. The parking provisions do not apply:

- if the local government submits to Commerce an empirical study prepared by a credentialed transportation or land use planning expert that clearly demonstrates, and Commerce finds and certifies, the application of parking provisions in a defined area would be significantly less safe for vehicle drivers or passengers, pedestrians, or bicyclists than if the jurisdiction's parking requirements were applied in the same location for the same number of detached houses; or
- to portions of cities within a one-mile radius of a commercial airport with at least 9 million annual enplanements.

No city shall approve a building permit for housing without adequate water supply. If a city or its water providers do not have an adequate water supply to serve the housing required by the density requirements the city may limit the areas subject to the requirement to match the increased housing capacity with the water supply. Cities must document and the Department of Ecology must certify the water supply capacity and the water demand reduced by the areas not subject to the density requirements in the record of the regulations adopted.

Population associated with permits for middle housing units are exempt from the threshold of an OFM population projection to a county or a county population allocation to a city.

A city that adopts the density and missing middle requirements is:

- not required to update the capital facility plan element required under the GMA to accommodate the increased housing and population capacity until the periodic comprehensive plan update required on or after June 30, 2034, unless Commerce grants a timeline extension; and
- deemed to be in compliance with the requirement under the housing element to make adequate provisions for existing and projected needs of all economic segments of the community, and identify and implement policies and regulations to address and begin to undo racially disparate impacts, displacement, and exclusion in housing caused by

local policies, plans, and actions until June 30, 2032, and has until the first periodic comprehensive plan update required on or after June 30, 2034 to comply with those requirements.

Department of Commerce. Commerce must develop and publish model middle housing ordinances within six months after the act takes effect. The model ordinances supersede, preempt, and invalidate local development regulations that fail to allow middle housing within the time frames provided until the city takes action to adopt density and middle housing regulations.

Commerce must establish a process for cities to seek approval of alternative local actions to meet density requirements, and may approve actions for cities that have adopted a comprehensive plan by January 1, 2023, and have adopted, or within one year of the effective date adopts, permanent development regulations that are substantially similar to the density and missing middle requirements. Commerce must find as substantially similar plans and regulations that:

- result in an overall increase in housing units allowed in single-family zones that is at least 75 percent of the increase in housing units allowed in single-family zones if density requirements were adopted;
- allow for middle housing throughout the city, rather than just in targeted locations; and
- allow for additional density near major transit stops, and for projects that incorporate dedicated affordable housing.

If a city can clearly demonstrate that the regulations adopted will result in a greater increase in middle housing production within single family zones than would be allowed through the density requirements, Commerce may determine that a comprehensive plan and development regulations that do not meet these criteria are substantially similar. Any alternative local actions approved by Commerce are exempt from appeals under the GMA and SEPA.

Commerce must develop guidance to assist cities on items to include in a parking study and provide technical assistance to implement the requirements prioritized based on cities demonstrating the greatest need.

Commerce may establish by rule and any standards or procedures necessary to implement the density and middle housing requirements.

Common Interest Communities. Governing documents and declarations of CICs, including those such as condominiums and HOAs, within cities subject to the middle housing and density requirements created after the act takes effect may not prohibit construction, development, or use of the additional housing units.

EFFECT OF HOUSING COMMITTEE AMENDMENT(S):

- Makes technical corrections.
- Provides that cities may allow accessory dwelling units to achieve the unit density required.
- Clarifies that cities may only apply administrative design review for middle housing.
- Clarifies that cities considered in compliance with requirements to make adequate provisions for existing and projected needs of all economic segments of the community and identify and implement policies and regulations to address and begin to undo racially disparate impacts, displacement, and exclusion in housing caused by local policies, plans, and actions until June 30, 2032, by meeting the density requirements have until the first periodic comprehensive plan update required on or after June 30, 2034, to comply with those requirements.
- Removes community amenity from the list of requirements for the alternative density requirement and review of substantially similar plans and regulations conducted by Commerce.
- Removes areas within one-half mile walking distance of a building, shopping center or business area containing 100,000 square feet of retail space from the list of areas that must allow the minimum density under the alternative density requirement.
- Allows cities with a population of less than 75,000 within a contiguous UGA with the largest city in a county with a population of more than 275,000, to authorize the development of at least six units per lot within one-quarter, rather than one-half, mile walking distance of a major transit stop.
- Clarifies that Commerce may approve actions by cities that have adopted permanent development regulations that are substantially similar to the requirements.
- Allows a city to limit the areas subject to the requirements to match the increased housing capacity with the water supply. The city must document and the Department of Ecology must certify the water supply capacity and the water demand reduced by the areas not subject to the requirements.
- Requires the Commerce evaluation of the extension to be based on the applicable water system plans in effect and approved by the Department of Health if an extension of the implementation timelines is requested due to lack of water supply from the city or the purveyors who serve water within the city.
- Clarifies that Commerce rule-making authority applies to the density and missing middle provisions of the bill.

Appropriation: The bill contains a null and void clause requiring specific funding be provided in an omnibus appropriation act.

Fiscal Note: Available. New fiscal note requested on March 24, 2023.

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 on Engrossed Second Substitute House Bill: *The*

committee recommended a different version of the bill than what was heard. PRO: This is a key element to help us with our housing crisis. It is not unique for the state to be involved in land use at the local level. Under the bill cities will still be allowed to provide for sufficient infrastructure to meet the growth. Majority of cities don't allow this, currently only 5% of permits are for middle housing. When 75% infill land is kept single family only you are keeping people out of housing. It is essential to use developable land available to grow housing without changing the overall character. There are examples throughout the Puget Sound region that shows that updates in codes result in additional housing. This bill would create the floor for jurisdictions so that they are not relying on their neighbors to meet housing needs. Implementation will still be up to each community.

This bill is not about apartment buildings it is about duplexes and other similar buildings. It will not get rid of single-family dwellings but will provide more options. This is intended for redevelopment of homes where it makes financial sense or on vacant lots. Developers will build these if the market demands it which will help lower the cost to buy and rent for new homeowners. Local land use regulations limit the number and type of homes and piecemealing reform will not provide the number of housing needed. Building more housing is complicated and a statewide framework would help us make more progress.

More and cheaper housing is a priority, but we need to be careful that by treating one problem we don't create another problem by creating more wealth inequality. Homeownership is a top way to build wealth, so we need to make sure that the homes are available for purchase rather than rental. The city has noticed long term residents being priced out and forced to move elsewhere which is why the city has adopted a program to allow housing like this. Middle housing types are more affordable in large part because of land costs. There is a need for housing for people with disabilities, especially near transit. Keep people with disabilities in mind so that they can be in these communities. Access to quality housing near parks and schools is essential to everyone's quality of life.

Housing is identified as the states number 1 priority and people prefer more housing walkable to transit and more middle housing types. Production has not kept up with demand and we need creative solutions to solve this problem. Only 15% of Washington households can afford medium priced homes and this allows for more people to go from renters to owners. Affordable housing for people with middle class incomes is critical for UW to allow for staff to afford housing so that we can recruit faculty to our university. We are struggling to attract workers because of lack of housing. Healthy communities need healthy housing markets, and we need both for a good economy. Most people support updating zoning laws and building more housing in their neighborhoods.

The work on this bill makes me proud because it brings people together to make decisions and find the best approach. This bill would provide a safe harbor for cities who implement the density requirements and allows cities to authorize the alternative option or seek approval for substantially similar codes providing additional time for those entities to implement any changes that may be needed. Don't want this bill to get watered down more,

it has already been done with parking to allow for more lot area for parking in some cases. Urge aligning the bill with Oregon's middle housing parking and completely eliminate parking requirements for affordable units. Most of this housing is meant to be in transit areas and should not need parking.

CON: In favor of the spirit of the bill and are working hard to increase housing. We are committed to update the comprehensive plan to meet the housing needs of the state, but this bill is flawed. Housing needs should be addressed by locals who know their needs. We need to concentrate our growth where the services, jobs and infrastructure is and would like to be disconnected from the larger cities. Support higher density housing with affordability requirements around transit options but this bill doesn't meet these standards as it fails to address infrastructure needs. This bill should align with the transit-oriented development bill. The GMA has a process to set targets for cities and counties and if they are meeting their targets they should be exempt from these requirements. Shoreline is on target to meet its growth requirements and should be allowed to continue to do its own thing.

Current homeowners should not be pushed out of their neighborhoods because of increased property tax. If you build a quadplex next to my house each of those units would be on the market for a large amount and won't be affordable housing. This would promote market rate housing and not affordable housing. There is the option for development of additional housing if certain numbers are kept as affordable, but this is not a requirement. Affordable housing should be a true component of the bill.

I understand the need for affordable housing and childcare, but it needs to protect the livability of our neighborhoods. The parking restrictions in this bill would push a lot of vehicles onto the street in residential areas. Language to protect urban forest needs to be added to this bill. There should also be requirements for tree canopy. A 2020 King County report stated that there are higher rates of asthma and other medical issues which are caused by air pollutants. Majority of these communities are BIPOC. Trees are known to clean these air pollutants. Few communities have strong tree ordinances, and we need more protection of our existing forest.

OTHER: This year's bill is much better than previous legislation and we are skeptical that developers will choose this option and support allowing more housing options. Growth should be encouraged in areas where public facilities and infrastructure are available, but this cannot be done in some areas. Some cities don't own utilities and rely on outside agencies to provide those. While there is an extension to the timeline included in the bill it does not recognize that infrastructure improvements will take longer than that. The bill doesn't take into account infill requirements or address impacts for cities that don't already have transit. Need to allow parking so that street parking is not used. Appreciate the tiered approach to parking that are in this bill.

There are concerns with state preemption. Land use decisions are best made at the local level. Local impacts and conditions should be taken into consideration to provide a

reasonable, implementable, and balanced approach. There should be reporting so that we can see what is working.

The alternative compliance pathway is helpful. Need to make sure the bill is compatible with other housing density bills such as the ADU bills which should be eligible for meeting the density requirements under this bill. There are concerns around lot splitting and potential doubling up on the number of units that can be created. Large family size rentals might be torn down and replaced with smaller units. This type of development may result in loss of tree canopy. Language should be added to protect wildland urban interface. Protecting critical areas is important and those areas should be exempt from these requirements. Would recommend adding susceptibility to wildfires in section 4 (2)(e).

Persons Testifying: PRO: Representative Jessica Bateman, Prime Sponsor; MATTHEW HUTCHINS AIA CPHD, American Institute of Architects Washington Council; Ryan Donohue, Habitat for Humanity Seattle-King & Kittitas Counties; Lyset Cadena, City of Burien; Anthony Mixer, Conservative Advocate; Dylan Sluder, Master Builders Association of King and Snohomish Counties; Linda Chia; Joe Tovar, Washington State Department of Commerce; Tricia Gullion, Building Industry Association of Washington; Kurt Wilson, Building Industry Association of Washington; Amanda Kost, University of Washington; Rachel Smith, Seattle Metropolitan Chamber of Commerce; Andrea Reay, Tacoma-Pierce County Chamber; Bryce Yadon, Futurewise; Ken Winkes; Shelli Lucus-Kennedy, BIAW; Dan Bertolet, Sightline Institute; Bill Riley, Washington REALTORS; Linda Moran; Rep. Andrew Barkis, WA State House Member.

CON: Salim Nice, City of Mercer Island; Tom McCormick; Mayor Mike Millman, City of Woodinville, Mayor; Laurence WILLIAMSON, N/A; Jonelle Kemmerling; Councilmember Syd Dawson, City of Maple Valley; Kathleen Russell; Lois Martin; Sandy Shettler.

OTHER: Richard Voget; Mary Lou Pauly, Mayor, City of Issaquah; Carl Schroeder, Association of Washington Cities; Arne Woodard, Councilmember, City of Spokane Valley; Dana Ralph, Mayor of the City of Kent; Tiffany Speir, City of Lakewood; Lacey Jane Wolfe, City of Bellevue; Melissa Bailey, City of Auburn, Mayor.

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