

SENATE BILL REPORT

SB 5749

As Reported by Senate Committee On:
Housing, February 21, 2025

Title: An act relating to housing development opportunity zones.

Brief Description: Concerning housing development opportunity zones.

Sponsors: Senators Wilson, J., Fortunato, Short, Christian, Torres, Dozier, Boehnke, Holy, Wagoner and McCune.

Brief History:

Committee Activity: Housing: 2/19/25, 2/21/25 [DPS].

Brief Summary of First Substitute Bill

- Allows cities to designate housing development opportunity zones in areas of large commercial development, where residential development must be prioritized.
- Requires that housing development within the opportunity zone utilize existing stormwater permits, existing facilities and services, and any existing infrastructure as a method for reducing development costs.
- Authorizes cities to waive impact fees associated with development or redevelopment with the opportunity zone.
- Permits related regulations to be implemented at any time within the planning period under the condition that the next comprehensive plan update incorporates the changes.
- Requires the Joint Legislative Audit and Review Committee to evaluate the number of housing units and affordable housing units created in housing development opportunity zones.

SENATE COMMITTEE ON HOUSING

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.

Majority Report: That Substitute Senate Bill No. 5749 be substituted therefor, and the substitute bill do pass.

Signed by Senators Bateman, Chair; Alvarado, Vice Chair; Goehner, Ranking Member; Gildon, Orwall, Salomon and Trudeau.

Staff: Benjamin Omdal (786-7442)

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.

The GMA directs fully planning jurisdictions to adopt internally consistent comprehensive land use plans. Comprehensive plans are implemented through locally adopted development regulations, and both the plans and the local regulations are subject to review and revision requirements prescribed in the GMA.

Counties and cities are required to review and, if necessary, revise their comprehensive plans and development regulations every ten years, based on county-based deadlines set in statute.

Impact Fees. Impact fees are one-time charges assessed by a local government on new development activities to help pay for the increased services that will be required because of new growth and development. Development activity includes any construction or expansion of a building or use, any change in use of a building, or any change in the use of land, that creates an additional need for public facilities. Approval of a new development may be conditioned on the payment of impact fees.

Local governments planning under the GMA are authorized to impose impact fees for public streets and roads, publicly owned parks and recreation facilities, school facilities, and fire protection facilities. Impact fees may only be used on public facilities included in the capital facilities element of the comprehensive plan. The public facilities must be reasonably related to the new development, must reasonably benefit it, and must be designed to provide service areas to the community at large.

Summary of Bill (First Substitute): Housing Development Opportunity Zones. A city or code city may designate, by resolution or ordinance, a geographic area within its jurisdiction as a housing development opportunity zone which encompasses areas characterized by large commercial development. Listed examples include shopping malls, vacant department stores, and vacant grocery stores.

The housing development opportunity zone project site area must be defined by existing

improvements on the parcel, including but not limited to parking and landscape areas.

Housing development within the opportunity zone must utilize:

- any existing stormwater permits, existing facilities and services, and any existing infrastructure as a method for reducing development costs; and
- the existing project site area for development or redevelopment.

Any development or redevelopment must be done within the setbacks required at the time of initial development.

The city or code city may waive any impact fees associated with development or redevelopment within the opportunity zone.

Resolution or ordinances made to implement a housing development opportunity zone are exempt from GMA revision and review requirements and may be implemented at any time within the planning period under the condition that the next comprehensive plan update incorporate the changes.

Joint Legislative Audit and Review Committee Review. The Joint Legislative Audit and Review Committee (JLARC) must evaluate the number of housing units and affordable housing units created in housing development opportunity zones established under the act. If the review finds that the number of affordable housing units have not increased, then the Legislature intends to repeal the authorization for cities to establish housing development opportunity zones. Cities must cooperate with and provide requested data, materials, and assistance to JLARC. The review must be provided to the appropriate committees of the Legislature by September 1, 2043.

The act expires July 1, 2045.

EFFECT OF CHANGES MADE BY HOUSING COMMITTEE (First Substitute):

- Retains original provisions.
- Requires JLARC to evaluate the number of housing units and affordable housing units created in housing development opportunity zones.
- States that if the review finds that the number of affordable housing units has not increased, then the Legislature intends to repeal the authorization for the zones.
- Adds an expiration date of July 1, 2045.

Appropriation: None.

Fiscal Note: Requested on February 13, 2025.

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 Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: The bill allows cities to cut the red tape in developing housing in areas that have already gone through much of the process. The bill gives local government control over if they would like to fast-track the process for developing housing in these zones.

Persons Testifying: PRO: Senator Jeff Wilson, Prime Sponsor; Sheila Christy.

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