

SENATE BILL REPORT

SB 6026

As of February 2, 2026

Title: An act relating to residential development in commercial and mixed-use zones.

Brief Description: Concerning residential development in commercial and mixed-use zones.

Sponsors: Senators Alvarado, Bateman, Conway, Frame, Lias, Nobles and Shewmake; by request of Governor Ferguson.

Brief History:

Committee Activity: Housing: 1/16/26, 1/28/26 [DPS-WM, w/oRec].
Ways & Means: 2/05/26.

Brief Summary of First Substitute Bill

- Prohibits certain cities and counties from excluding residential uses in areas zoned for commercial or mixed-use development and requiring mixed use or ground floor commercial or retail as a condition of permitting, or departure from development regulations or certain design guidelines related to residential or mixed use development in commercial or mixed use zones, with limited exceptions.

SENATE COMMITTEE ON HOUSING

Majority Report: That Substitute Senate Bill No. 6026 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Bateman, Chair; Alvarado, Vice Chair; Orwall and Trudeau.

Minority Report: That it be referred without recommendation.

Signed by Senators Goehner, Ranking Member; Gildon and Salomon.

Staff: Melissa Van Gorkom (786-7491)

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.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Trevor Press (786-7446)

Background: 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. The GMA also directs fully planning jurisdictions to adopt internally consistent comprehensive land use plans that consider various goals set forth in statute, including housing. Comprehensive plans are implemented through locally adopted development regulations, such as zoning ordinances, and both the plans and the local regulations are subject to review and revision requirements prescribed in the GMA.

Summary of Bill (First Substitute): Any city or county with a population of 30,000 or more that is fully planning or chooses to plan under the GMA is prohibited from excluding residential uses in areas zoned for commercial or mixed-use development, and with limited exceptions may not require mixed use or ground floor commercial or retail as a condition of permitting development of residential housing, or a conditional or special use permit, or departure from development regulations or design guidelines related to the location, siting, orientation, or architectural design features of residential or mixed use development in areas zoned for commercial use or mixed use, unless the building or structure is:

- listed in the state or national register for historic places; or
- located in business improvement areas established under the statute.

A city or county may establish mixed use or ground floor commercial requirements—unless the project is publicly subsidized affordable housing—in:

- a station area; or
- up to 20 percent of its zoned area outside of a station area.

Amenity space required by local development standards for residential use must be considered ground floor commercial in this area.

The city or county must allow a height increase of at least ten feet in at least 30 percent of the area where the city or county establishes mixed use or ground floor commercial requirements. Any height limit increase allowed for this purpose shall not count towards calculating the floor area ration in order to meet density regulations under the local development standards.

These limitations do not apply to any portion of the lot that:

- is located in an industrial zone area where all residential uses, except caretakers quarters are prohibited;

- is within 3200 feet of an active oil or gas refinery;
- requires the demolition of a structure designated as a historic landmark through a local preservation ordinance;
- is located in a commercial area designated as a main street area under the Washington main street program;
- is located outside the urban growth area;
- is in an area where residential uses are prohibited due to a military installation or a general aviation airport operated for the benefit of the general public;
- is adjacent to a shoreline environment where all multifamily residential or mixed-use development is prohibited by a shoreline master program; or
- is located in a critical area buffer or critical area governed by a critical area ordinance, except for critical aquifer recharge areas where a single-family detached house is an allowed use.

If a city or county has not adopted or amended ordinances, regulations, or other official controls one year after the effective date of the bill these requirements supersede, preempt, and invalidate any conflicting local regulations.

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

- Authorizes a city or county to allow mixed use or ground floor commercial or retail in an area zoned for commercial use or mixed use if the building or structure is listed in the state or national register of historic places as of the effective date of the bill or located in a business improvement area established under the statute.
- Clarifies that a city or county may not establish ground floor commercial requirements in areas zoned for mixed use that are within a station area if the project is publicly subsidized affordable housing.
- Authorizes a city or county to require up to 20 percent mixed use or ground floor commercial if the project is located in a zoned area that is outside of a station area unless the project is publicly subsidized.
- Requires, in areas where a city or county requires 20 percent mixed use or ground floor commercial, amenity space be considered ground floor commercial use if required by local development standards for residential use.
- Requires the city or county allow a height increase of at least 10 feet in at least 30 percent of the area where ground floor commercial or retail is required.
- Prohibits any height limit increase allowed from counting toward calculating the floor area ratio in order to meet density regulations under the local development standards.
- Exempts any portion of a lot that is adjacent to a shoreline environment, rather than located on a waterfront lot.
- Exempts any portion of a lot that is in a critical area buffer.

Appropriation: None.

Fiscal Note: Available.

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 Proposed Substitute (Housing): *The committee recommended a different version of the bill than what was heard.* PRO: One of this administration's top priorities is housing and this bill helps us achieve that. We have made progress in the last few years but one of the places we can do more is in commercial zones. The Lieutenant Governor's office completed a report during the interim which recommends this as a very powerful tool. One of biggest challenges we have is the availability of land. Sightline did some zoning analysis that shows that this bill would increase the amount of land available for multi-family housing by 62 percent. You can't make any more land, but you could use existing land better and that's what this bill does, especially in areas that already have infrastructure, transportation, water, and sewer.

Zoning reform isn't sufficient to get housing built, but it is necessary to allow housing to be built. There are a lot of vacant spaces that present an opportunity to build housing in areas where there is already substantial infrastructure.

More than 75 percent of effected parcels restrict residential use, even where commercial use has declined. For zones that allow residential there is usually a ground floor commercial requirement but we have found that if there is no demand in that area then it doesn't get built. While street level retail is critical for walkable centers, there's no shortage of retail spaces in the vast majority of downtowns and commercial centers, but there is almost always a shortage of housing.

The bill doesn't prohibit ground floor retail it just says that it cannot be required, providing flexibility in the development process that could reduce cost. We appreciate the ground floor retail in our Transit Oriented Development (TOD) zones because they really do encompass the portions of the city where we want to see those services and development.

Prior to the development work for an affordable housing project we spend a long time working with the local jurisdiction to remove the requirement for ground floor commercial. We developed a project that required retail which sat vacant for five years after completion despite us lowering rents repeatedly which meant the market rate residents had to subsidize the cost of carrying this empty space and walk by it every day. Mandating money losing ground floor retail in new apartment buildings only makes it less likely that new housing gets built. This makes for clearer zoning and helps control cost so that we can get through the process and build housing.

This crisis is not just a big city problem, it is just as acute in other areas where restrictive zoning has frequently locked whole communities into patterns of scarcity. Our workers are having to commute further and longer and our employers are struggling to attract and retain talent. Waiting to act on this until the next comprehensive plan update just simply isn't an

option that would delay reforms in the central Puget Sound region until 2029 at the earliest. To improve affordability and strengthen communities we must build more housing. This is not a time for cautious incrementalism, the problem is too big. There are always reasons to dilute the proposal but if you water this down too much, you might as well not do anything.

CON: Economic development is critically important to the long-term sustainability of our cities and towns and strong commercial corridors provide for job creation and create community cohesion. Many of our small towns along main streets currently require ground floor commercial and requires second and third story residential which we find to be successful. We appreciate the TOD exemption that was already offered because it really helps and is the kind of community area where we do want to activate mixed uses and this is a real critical tool to do that. Our small towns relies on commercial corridor, as a tourism-based economy, and we don't have TOD so we can't use that carve out. Please continue to allow flexibility for our small towns and carve out Main streets in the small towns. As written I think it can have some unintended consequences for environmental health and economic vitality. Residential development should be discouraged in commercial zones within 500 feet of highways which are a common source of air pollution in our cities. Over time concerned about the tax based stability and growth. Concerned that this will require revisiting and reworking comprehensive plans that are in progress.

OTHER: When counties create commercial zoning in unincorporated areas, they're doing so to ensure they are sufficient services for the surrounding residential communities which tend to be poor and underserved communities in county urban growth areas. We need smart reforms to addressing affordability and growth across our communities but the Legislature needs to preserve and protect mixed use retail at the ground level along key corridors and neighborhoods. The concern is that if we remove restrictions in these areas without thoughtful carve outs, we're not just changing what gets built today, we're closing the door on the possibility of having this kind of a neighborhood retail in the future. We need housing development, while also measuring the impacts to small businesses. The goal would be to identify a smaller subset of areas to protect the ground floor retail in areas but there are areas where having this is good. Try to find a way to do a percent of frontage in mixed use zones or other areas or find a way to not include the whole TOD zone but part of it to provide more flexibility. While the bill exempts TOD areas it should include an equivalent exemption for growth centers in eastern Washington communities, otherwise it removes the city's tool to attract and retain commercial uses that support job services and a stable tax base. Planners have expressed a concern that this bill would create price competition for available land between those commercial services and residential housing which could exacerbate common development problems like food deserts and access to healthcare services. This bill doesn't change the number of housing units that need to be planned for under 1220 which could have some downstream effects on exactly how much land capacity is set aside, especially the lowest income brackets of housing, that may run counter to the intent.

Persons Testifying (Housing): PRO: Senator Emily Alvarado, Prime Sponsor; Patience

Malaba, HDC; Carter Nelson; Sarah Clark, Seattle Metro Chamber; Denny Heck, Lt. Governor; Mary Hull-Drury, Washington Realtors; Jennifer Gregerson, City of Everett; Neil Strege, Washington Roundtable; Ken Short, AWB; Meredith Holzemer, Mill Creek Residential; Seth Boun, Northwest Progressive Institute; Carl Shorett, Avalon Bay; Bill Clarke, Amazon; Lauren McDonald, Microsoft; Em Stone, Governor's Office; Dave Andersen, Department of Commerce; Dan Bertolet, Sightline Institute; Jennifer Ackerman, Southport Financial Services; Jordan Mitchell, Airbnb; Bill Stauffacher, Building Industry Association of Washington.

CON: Mindy Brooks, Lewis County; Scott Bonjukian; Carl Schroeder, Association of Washington Cities.

OTHER: Curtis Steinhauer, Washington State Association of County Regional Planning Directors; Christine Mackay, West Seattle Junction; Bryce Yadon, Futurewise; Kristen Holdsworth, City of Kent; Phill Marsh, City of Redmond, Economic Development Manager; Ivan Barragan, Community & Economic Development Planner, City of Pasco.

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