# SENATE BILL REPORT
# SB 6026

As Reported by Senate Committee On:
Housing, January 28, 2026
Ways & Means, February 9, 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, Liias, 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, 2/09/26 [DP2S, w/oRec].

**Brief Summary of Second 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.

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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.*

**Staff:** Melissa Van Gorkom (786-7491)

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**SENATE COMMITTEE ON WAYS & MEANS**

**Majority Report:** That Second Substitute Senate Bill No. 6026 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Robinson, Chair; Stanford, Vice Chair, Operating; Trudeau, Vice Chair, Capital; Frame, Vice Chair, Finance; Torres, Assistant Ranking Member, Operating; Schoesler, Ranking Member, Capital; Braun, Cleveland, Conway, Dhingra, Hansen, Hasegawa, Kauffman, Muzzall, Pedersen, Riccelli, Saldaña, Warnick, Wellman and Wilson, C..

**Minority Report:** That it be referred without recommendation.

Signed by Senators Gildon, Ranking Member, Operating; Dozier, Assistant Ranking Member, Capital; Wagoner.

**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 Second Substitute Bill:** Residential Requirements. Any city or county with a population of 30,000 or more or any county that is not a rural county 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. This prohibition does not apply to any portion of the lot that:

- is located in an industrial zone area;
- 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 outside the urban growth area or within any urban growth area that is not contiguous with a city subject to the residential requirements;
- 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 located in a tax increment financing area;

- 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.

Conditions on Permitting Residential Housing. With limited exceptions, a city or county subject to the residential requirements 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; or
- is located in a commercial area designated as a main street area under the Washington main street program.

*Exceptions.* 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;
- up to 20 percent of the total area. Total area is calculated by excluding all station areas within the city or county's jurisdiction; or
- more than 20 percent of its zoned area outside of a station area if the city or county provides a height incentive to allow development up to 85 feet.

*Alternative.* The conditions on permitting residential housing do not apply if the city or county adopts or amends by ordinance, and incorporates into their development regulations, zoning regulations, and other official controls to balance the needs for housing with ground floor commercial use based on an empirical study prepared by a credentialed experts in real estate economics. The updated regulations must take effect no later than one year after the jurisdictions next periodic comprehensive plan update or implementation progress report, whichever is earlier, and include either:

- incentives for ground floor commercial uses within mixed use and commercial development; or
- reduced requirements for ground floor commercial use.

The city or county must submit the empirical study to the Department of Commerce (Commerce).

Other. A city subject to these requirements is not required to:

- issue a building permit if other applicable requirements are not met; or
- update their growth and development assumptions required under the GMA until their next comprehensive plan update required after January 1, 2031.

Nothing limits a local government's ability to work with developers, businesses, community groups, and building owners to ensure adequate access to grocery stores in a community.

The residential requirements and conditions on permitting residential housing supersede, preempt, and invalidate any conflicting local regulations in any city or county has not adopted or amended ordinances, regulations, or other official controls one year after the effective date of the bill .

**EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Second Substitute):**

Retains the substitute language passed out of the Housing committee with the following changes:

- Provides that the provisions of the bill only apply to any county that is required or chooses to plan under the GMA that is not defined as a rural county.
- Makes the exemption for commercial areas designated as a main street area under the Washington Main Street Program apply to the mixed use or ground floor commercial provisions of the bill, rather than exempting those areas from the entire act.
- Clarifies that up to 20 percent of the total area within a local jurisdiction can require mixed use or ground floor commercial.
- Removes the requirement that any amenity space required by local development standards for residential use be considered ground floor commercial use.
- Removes the requirement that the city or county provide a height increase of 10 feet in at least 30 percent of the area.
- Authorizes a city or county to establish more than 20 percent of its zoned area that is outside a station area require mixed use or ground floor commercial, unless the project is publicly subsidized affordable housing, if they provide a height incentive to allow development up to 85 feet.
- Allows a city or county that adopts or amends by ordinance regulations to balance the needs for housing with ground floor commercial use based on an empirical study prepared by a credentialed experts to no longer be prohibited from requiring mixed use ground floor commercial or retail as a condition of permitting development of residential housing once the empirical study is submitted to Commerce and the necessary updates are made.
- Exempts any portion of a lot that is in an industrial zone area or a tax increment financing area.
- Clarifies that any portion of a lot that is within any urban growth area that is not contiguous with a city is exempt.
- Provides that cities are not required to update their growth and development assumptions required under the GMA until their next comprehensive plan update required after January 1, 2031.
- Clarifies that nothing in the bill will impede a local government's ability to ensure adequate access to grocery stores in a community.

- Makes technical corrections.

**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.

**Staff Summary of Public Testimony on First Substitute (Ways & Means):** *The committee recommended a different version of the bill than what was heard.* PRO: The conclusion to the Lieutenant Governor's study on the feasibility of converting commercial zoning to residential is that there is great potential to increasing housing. This increases land capacity for homes in commercial zones without saddling them with the burden of requirements for ground floor retail. This bill is supported by home builders, low-income housing advocates and cities on both sides of the cascades. The current version of the bill already incorporates the feedback of cities and counties. We are going backwards in the housing shortage because there are not enough permits being approved to meet the need of one million new housing units in the next 20 years. When our city removed the ground-floor requirements. When we had those requirements we found that projects in our downtown and transit-oriented zones were ending up with vacant spaces or blank walls. In most cases when a city mandates ground floor commercial, what it is actually mandating is that the city's residents will pay higher rents for homes in order to subsidize those commercial spaces. We need more affordable housing on the market as soon as possible. This bill allows for efficient use of housing that will benefit communities around the state. Highest and best use value from raw land creates property tax increase in value and property and sales tax going forward in the communities we serve. The land use changes in the bill will benefit housing development while ensuring we provide amenities where people live. This bill allows for property that is underutilized to become more housing and do it quickly in areas where there is infrastructure. This bill builds the tax base. Property tax is capped, but when you build new construction that is a way of growing the tax base. If ground floor retail is required then some of these projects aren't going to happen. This bill does not eliminate commercial zoning. It does not eliminate the ability for builders to have the choice to build in ground floor commercial, retail, and mixed use. The bill does say that some of the land that is set aside can still have that mix but the vast majority of the land that is available that is right for those residential housing opportunities on that ground floor should be taken advantage of. This bill still allows for as much commercial space as the market can justify. Cities can still offer incentives and density increases for small and local businesses rather than just mandating commercial. Passing this bill will enable aging and empty shopping centers to be transformed into walkable mixed use areas. Commercial and retail spaces are difficult to finance. Generally a performer will only give about a 50 percent credit to those spaces because of the difficulty to lease these spaces. These requirements can be the difference between a project penciling and moving forward or not. Commercial and retail are important parts of complete communities but this bill with thoughtful amendments will find a balance. Allowing residential in commercial zones has made our city more walkable and a better place for families. Along with other tools and incentives provided by the state our city is expected to meet our housing unit goals. Our housing markets are interrelated and it is the people at the low end of the income spectrum who get priced out. If we do not put these tools in the tool box they will be priced out.

CON: Cities are concerned about the long-term consequences of this bill. The last section of

the first fiscal note says that this bill could reduce sales tax collections and economic diversification in jurisdictions with limited commercial land and vacant buildings. Restrictions on first floor retail could restrict a city's ability to create vibrant, walkable communities, support small businesses and broaden their tax bases. The local option cost is necessary for proper and responsible planning because this bill will change the underpinnings and assumptions of the GMA plans that we just finished. There are still concerns about the percentage of land outside of station areas that can retain mixed use requirements. The loss of this commercial space could significantly impact the ability to provide services for our community in the long term. Most of our funding is supported by commercial zones as opposed to property taxes. We would like to see a null and void clause. There is an added cost from this bill that should be covered by the state. The ability to mandate where we have commercial and where we don't removes our ability to plan for commercial zones. This bill without further resolutions will have significant unintended consequences. Cities rely heavily on sales tax and this bill will hurt our city. Please work to find resolutions and exemptions for cities. Most of the housing in our permit pipeline is for publicly subsidized housing. Please propose an amendment that exempts station areas where 33 percent of the properties are tax exempt from the ground floor requirements in the bill. Ground floor retail is about access. Retail centers account for nearly 40 percent of jobs, 27 percent of businesses and generate approximately 30 percent of sales tax revenue for our city. If there is no ground floor retail to replace these businesses once they are gone the state and local revenue they generate is also gone permanently. The amendments do not help younger communities without station areas and downtowns. Please add two exemptions to the bill. First that cities without station areas be allowed to require ground floor commercial in up to 40 percent of mixed use and commercial zones with the exception of publicly subsidized affordable housing projects and second that cities allow ground floor commercial in designated neighborhood food hubs that are pedestrian oriented. This bill undoes locally adopted planning decisions. The bill creates uncertainty for adopted sub-area plans, undermines infrastructure investments already made and risks reducing opportunities for jobs near housing. Please adopt an amendment that excludes areas governed by adopted sub area plans from the ground floor commercial prohibition

OTHER: Pending some amendments, counties are okay with this bill. Addressing affordable housing is a top priority of counties. Thank you for having a good stakeholder process and being willing to listening to some of the concerns with the bill. Please pass an amendment that more explicitly defines the areas of the city that are included in the 20 percent provision that was added coming out of policy committee.

**Persons Testifying (Ways & Means):** PRO: Jennifer Gregerson, City of Everett, Government Affairs Director; Alex Hur, Master Builders Association of King and Snohomish Counties; Dan Bertolet, Sightline Institute; Matt Roewe, RoeweWORKS; Angela Rozmyn, Natural and Built Environments; Lisa Brown, Mayor - City of Spokane; Bryce Yadon, Futurewise; Bill Stauffacher, Building Industry Association of Washington; Neil Strege, Washington Roundtable; Denny Heck, Lt. Governor.

CON: Charles Grimm, Mayor, City of Pasco; Jeff Rimack, Jeff Rimack, City of Lakewood; Eric Perry, City of Renton; Kristen Holdsworth, City of Kent/Long Range Planning Manager; Carl Schroeder, Association of Washington Cities; Shannon Vincent, City of Lacey; Amanda Dodd, City of Bothell, Councilmember; Jay Arnold, Council Member City of Kirkland.

OTHER: Curtis Steinhauer, Washington State Association of Counties; Diana Hart, City of Bellevue.

**Persons Signed In To Testify But Not Testifying (Ways & Means):** No one.