CERTIFICATION OF ENROLLMENT

SUBSTITUTE SENATE BILL 5587

69th Legislature
2025 Regular Session

Passed by the Senate March 7, 2025
Yeas 49 Nays 0

President of the Senate

Passed by the House April 16, 2025
Yeas 87 Nays 9

Speaker of the House of Representatives

Approved

Governor of the State of Washington

CERTIFICATE

I, Sarah Bannister, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 5587** as passed by the Senate and the House of Representatives on the dates hereon set forth.

Secretary

FILED

Secretary of State
State of Washington

SUBSTITUTE SENATE BILL 5587

Passed Legislature - 2025 Regular Session

State of Washington 69th Legislature 2025 Regular Session

By Senate Housing (originally sponsored by Senators Cleveland, Nobles, and Orwall)

READ FIRST TIME 02/17/25.

AN ACT Relating to affordable housing development in counties not closing the gap between estimated existing housing units within the county and existing housing needs; amending RCW 36.70A.610 and 43.155.070; and creating a new section.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

Sec. 1. RCW 36.70A.610 and 2020 c 173 s 6 are each amended to read as follows:

(1) The Washington center for real estate research at the University of Washington shall produce a series of reports as described in this section that compiles housing supply and affordability metrics for each city planning under RCW 36.70A.040 with a population of ((~~ten thousand~~)) 10,000 or more.

(a) The initial report, completed by October 15, 2020, must be a compilation of objective criteria relating to income, employment, housing and rental prices, housing affordability by housing tenure, and other metrics relevant to assessing housing supply and affordability for all income segments, including the percentage of cost-burdened households of each jurisdiction. This report may also include city-specific median income data for those cities implementing the multifamily tax exemption program under chapter 84.14 RCW.

(b) The report completed by October 15, 2021, must include an analysis of the private rental housing market for each area outlining the number of units, vacancy rates, and rents by unit type, where possible. This analysis should separate market rate multifamily rental housing developments and other smaller scale market rate rental housing. This analysis should also incorporate data from the Washington state housing finance commission on subsidized rental housing in the area consistent with the first report under this subsection.

(c) The report completed by October 15, 2022, must also include data relating to actions taken by cities under chapter 348, Laws of 2019 as well as detailed information on development regulations, levies and fees, and zoning related to housing development.

(d) The report completed by October 15, 2024, and every two years thereafter, must also include relevant data relating to buildable lands reports prepared under RCW 36.70A.215, where applicable, and updates to comprehensive plans under this chapter.

(e) The report completed by October 15, 2026, and every two years thereafter, must also include:

(i)(A) Except as provided in (e)(i)(B) of this subsection, an analysis of the estimated existing housing units and existing housing needs within each county at the following income levels: 0 to 30 percent of the area median income, 30 to 50 percent of the area median income, 50 to 80 percent of the area median income, 80 to 100 percent of the area median income, 100 to 120 percent of the area median income, and greater than 120 percent of the area median income;

(B) If a county's estimated existing housing units, existing housing needs, or both, cannot be determined at the income levels under (e)(i)(A) of this subsection or at the individual county level due to insufficient data, alternative thresholds may be used to best determine existing housing units and existing housing needs;

(ii) Each county's progress in closing the gap between estimated existing housing units within the county and existing housing needs; and

(iii) Each county's progress in meeting emergency housing, emergency shelters, and permanent supportive housing needs within the county.

(2) The Washington center for real estate research shall collaborate with the Washington housing finance commission and the

office of financial management to develop the metrics compiled in the series of reports under this section.

(3) The series of reports under this section must be submitted, consistent with RCW 43.01.036, to the standing committees of the legislature with jurisdiction over housing issues and this chapter.

Sec. 2. RCW 43.155.070 and 2021 c 65 s 49 are each amended to read as follows:

(1) To qualify for financial assistance under this chapter the board must determine that a local government meets all of the following conditions:

(a) The city or county must be imposing a tax under chapter 82.46 RCW at a rate of at least one-quarter of one percent;

(b) The local government must have developed a capital facility plan; and

(c) The local government must be using all local revenue sources which are reasonably available for funding public works, taking into consideration local employment and economic factors.

(2) Except where necessary to address a public health need or substantial environmental degradation, a county, city, or town planning under RCW 36.70A.040 may not receive financial assistance under this chapter unless it has adopted a comprehensive plan, including a capital facilities plan element, and development regulations as required by RCW 36.70A.040. This subsection does not require any county, city, or town planning under RCW 36.70A.040 to adopt a comprehensive plan or development regulations before requesting or receiving financial assistance under this chapter if such request is made before the expiration of the time periods specified in RCW 36.70A.040. A county, city, or town planning under RCW 36.70A.040 that has not adopted a comprehensive plan and development regulations within the time periods specified in RCW 36.70A.040 may apply for and receive financial assistance under this chapter if the comprehensive plan and development regulations are adopted as required by RCW 36.70A.040 before executing a contractual agreement for financial assistance with the board.

(3) In considering awarding financial assistance for public facilities to special districts requesting funding for a proposed facility located in a county, city, or town planning under RCW 36.70A.040, the board must consider whether the county, city, or town planning under RCW 36.70A.040 in whose planning jurisdiction the

proposed facility is located has adopted a comprehensive plan and development regulations as required by RCW 36.70A.040.

(4)(a) The board must develop a process to prioritize applications and funding of loans and grants for public works projects submitted by local governments. The board must consider, at a minimum and in any order, the following factors in prioritizing projects:

(i) Whether the project is critical in nature and would affect the health and safety of many people;

(ii) The extent to which the project leverages other funds;

(iii) The extent to which the project is ready to proceed to construction;

(iv) Whether the project is located in an area of high unemployment, compared to the average state unemployment;

(v) Whether the project promotes the sustainable use of resources and environmental quality, as applicable;

(vi) Whether the project consolidates or regionalizes systems;

(vii) Whether the project encourages economic development through mixed-use and mixed income development consistent with chapter 36.70A RCW;

(viii) Whether the project encourages infill development or any other increase in affordable housing in counties identified as having a gap between estimated existing housing units and estimated housing needs by the report produced under RCW 36.70A.610. For purposes of this subsection (4)(a)(viii), "affordable housing" has the same meaning as in RCW 36.70A.030;

(ix) Whether the system is being well-managed in the present and for long-term sustainability;

((~~(ix)~~)) (x) Achieving equitable distribution of funds by geography and population;

((~~(x)~~)) (xi) The extent to which the project meets the following state policy objectives:

(A) Efficient use of state resources;

(B) Preservation and enhancement of health and safety;

(C) Abatement of pollution and protection of the environment;

(D) Creation of new, family-wage jobs, and avoidance of shifting existing jobs from one Washington state community to another;

(E) Fostering economic development consistent with chapter 36.70A RCW;

(F) Efficiency in delivery of goods and services and transportation; and

(G) Reduction of the overall cost of public infrastructure;

((~~(xi)~~)) (xii) Whether the applicant sought or is seeking funding for the project from other sources; and

((~~(xii)~~)) (xiii) Other criteria that the board considers necessary to achieve the purposes of this chapter.

(b) Before September 1, 2018, and each year thereafter, the board must develop and submit a report regarding the construction loans and grants to the office of financial management and appropriate fiscal committees of the senate and house of representatives. The report must include:

(i) The total number of applications and amount of funding requested for public works projects;

(ii) A list and description of projects approved in the preceding fiscal year with project scores against the board's prioritization criteria;

(iii) The total amount of loan and grants disbursements made from the public works assistance account in the preceding fiscal year;

(iv) The total amount of loan repayments in the preceding fiscal year for outstanding loans from the public works assistance account;

(v) The total amount of loan repayments due for outstanding loans for each fiscal year over the following ((~~ten~~)) 10-year period; and

(vi) The total amount of funds obligated and timing of when the funds were obligated in the preceding fiscal year.

(c) The maximum amount of funding that the board may provide for any jurisdiction is ((~~ten million dollars~~)) $10,000,000 per biennium.

(5) Existing debt or financial obligations of local governments may not be refinanced under this chapter. Each local government applicant must provide documentation of attempts to secure additional local or other sources of funding for each public works project for which financial assistance is sought under this chapter.

(6) Before September 1st of each year, the board must develop and submit to the appropriate fiscal committees of the senate and house of representatives a description of the loans and grants made under RCW 43.155.065 and 43.155.068.

(7) The board may not sign contracts or otherwise financially obligate funds from the public works assistance account before the legislature has appropriated funds to the board for the purpose of funding public works projects under this chapter.

(8) To qualify for loans, grants, or pledges for solid waste or recycling facilities under this chapter, a city or county must demonstrate that the solid waste or recycling facility is consistent with and necessary to implement the comprehensive solid waste management plan adopted by the city or county under chapter 70A.205 RCW.

(9) After January 1, 2010, any project designed to address the effects of stormwater or wastewater on Puget Sound may be funded under this section only if the project is not in conflict with the action agenda developed by the Puget Sound partnership under RCW 90.71.310.

(10) For projects involving repair, replacement, or improvement of a wastewater treatment plant or other public works facility for which an investment grade efficiency audit is reasonably obtainable, the public works board must require as a contract condition that the project sponsor undertake an investment grade efficiency audit. The project sponsor may finance the costs of the audit as part of its public works assistance account program loan or grant.

(11) The board must implement policies and procedures designed to maximize local government consideration of other funds to finance local infrastructure.

NEW SECTION. **Sec. 3.** This act may be known and cited as the affordable housing action act.

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