

Proposed Substitute House Bill 1128

H-0579.2/21

By Representative Pollet

Brief summary of original version of HB 1128

- Authorizes the establishment of housing benefit districts and sets out requirements and authorities related to their governance, powers, and finances.

Amendment makes the following changes to the original bill:

- Adds a requirement that participating jurisdictions in a housing benefit district conduct an audit of the district to determine whether the district is achieving the affordable housing requirements.
- Adds members representing advocates for affordable housing for marginalized communities and nonprofit housing developers to the housing benefit district advisory board.
- Specifies that housing benefit districts may retain ownership of an underlying parcel within a district when leasing the development parcel is financially feasible.
- Reduces the rate of tax authorized for housing benefit districts of a certain population from .5 percent to .3 percent.
- Clarifies that the boundaries of housing benefit districts with more than one participating jurisdiction are coextensive with the boundaries of the establishing jurisdictions.
- Clarifies that the non-voter-approved tax authorized is independent of the authority to impose voter-approved taxes.
- Provides that the percentages of affordable housing types within a district are minimum percentages.
- Provides that land within the District may not be leased or sold at a discounted rate unless affordable housing comprises more than 40 percent of the units.
- Provides for the prorationing of taxes imposed under this act.

BILL REQUEST - CODE REVISER'S OFFICE

BILL REQ. #: H-0579.2/21 2nd draft

ATTY/TYPIST: RB:eab

BRIEF DESCRIPTION: Concerning housing benefit districts.

1 AN ACT Relating to housing benefit districts; amending RCW
2 36.70A.600, 82.14.410, 84.52.010, 84.52.043, and 29A.36.210; adding a
3 new section to chapter 82.14 RCW; adding a new chapter to Title 36
4 RCW; and prescribing penalties.

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

6 NEW SECTION. **Sec. 1.** (1) The legislature finds the following:

7 (a) Housing for low-income and middle-income households is a
8 public purpose;

9 (b) Providing local governments with more options to increase
10 residential capacity, especially in urban areas, consistent with RCW
11 43.21C.420 is essential to fulfill this public purpose;

12 (c) A history of segregation and displacement has led to
13 disparities in access to education, living wage employment,
14 affordable housing, and transportation, particularly for Black,
15 Indigenous, and People of Color communities. This history has also
16 allowed certain populations to obtain and build wealth and to access
17 critical resources at the expense of others. Over time these factors
18 have put pressure on, marginalized, and displaced many from these
19 same communities;

20 (d) Black, Hispanic, and American Indian and Alaska Native
21 residents in the King, Pierce, and Snohomish county region experience

1 disproportionate housing cost burden and are more likely to be
2 renters than homeowners. According to 2018 data from the federal
3 housing and urban development department, the rates of homeownership
4 for Black residents were half the rate for White residents of the
5 region. Black renters are also 30 percent more likely to be cost-
6 burdened than White renters, and Black homeowners are 38 percent more
7 likely to be cost-burdened than White homeowners. Similar disparities
8 exist for Hispanic populations whose rates of homeownership are 58
9 percent of the rate of White homeownership, are 17 percent more
10 likely to be rental cost-burdened than White renters, and 25 percent
11 more likely to be owner cost-burdened than White homeowners. American
12 Indian and Alaska Native populations have rates of homeownership that
13 are 71 percent that of White residents, are 12 percent more likely to
14 be rental cost-burdened than White renters, and eight percent more
15 likely to be owner cost-burdened than White homeowners;

16 (e) According to the fair housing equity assessment for the
17 central Puget Sound region published by the Puget Sound regional
18 council in 2014:

19 (i) Black residents continue to be the most segregated racial
20 group in the region, which data suggests cannot be explained by
21 income differences among racial groups; and

22 (ii) White and Asian residents are more likely to live in census
23 tracts with high or very high access to opportunity relative to the
24 total population when compared to foreign-born, American Indian,
25 Hispanic, and Black residents who are more likely to live in census
26 tracts with low or very low access to opportunity relative to the
27 total population. Living in poverty is associated with a higher
28 likelihood of living in an area of low or very low access to
29 opportunity, but this cannot explain why Black and Hispanic persons
30 living in poverty are more likely to live in areas of low or very low
31 access to opportunity than their White or Asian peers;

32 (f) Publicly funded salaried professionals and paraprofessionals
33 such as teachers, firefighters, law enforcement officers, nurses,
34 social workers, and transit operators cannot afford to live in the
35 districts in which they serve due to increasing housing costs;

36 (g) Employees of nonprofit organizations who help deliver
37 essential public services on contract, as well as those who help
38 provide essential services to the poor and infirm as part of their
39 organizational mission, are similarly housing cost-constrained;

1 (h) The failure to make adequate provision for low-income and
2 middle-income housing pushes many households to seek housing further
3 away from work, which leads to increased greenhouse gas emissions
4 from transportation, as well as congestion on state managed
5 transportation infrastructure, so providing for more low-income and
6 middle-income housing would enable the state to better meet
7 established goals for greenhouse gas emissions reduction and commute
8 trip reduction;

9 (i) Better public policy outcomes, including improvements and
10 benefits to transportation infrastructure and business, will occur if
11 public servants and nonprofit employees can afford to live in the
12 districts they serve;

13 (j) Communities across the state are facing an affordable housing
14 crisis and there is a particularly acute need for affordable housing
15 in the Puget Sound region. With historic investments in transit in
16 the Puget Sound region, communities have the unprecedented and urgent
17 opportunity to plan for, invest in, and build additional affordable
18 housing, ensuring the region gets the most out of these investments
19 in transit while meeting critical economic, environmental, and equity
20 goals; and

21 (k) Housing can drive economic growth within neighborhoods if
22 developed with a focus on services, jobs, infrastructure
23 improvements, open spaces, and other elements that make housing vital
24 and economically additive to nearby residents and the region as a
25 whole.

26 (2) The legislature intends with this act to authorize the
27 creation of housing benefit districts which, using a land acquisition
28 and deployment strategy, would produce more affordable low-income and
29 middle-income housing, ensuring any loss of affordable housing in a
30 station area is exceeded by new units, to enable all members of the
31 workforce to live in the district in which they serve, including
32 members of racial and ethnic groups disproportionately experiencing
33 adverse housing outcomes, to make sure that the transportation and
34 housing investments in our state help to foster racial equity and
35 rectify discriminatory practices.

36 NEW SECTION. **Sec. 2.** The definitions in this section apply
37 throughout this chapter unless the context clearly requires
38 otherwise.

1 (1) "Affordable housing" means residential housing for which the
2 monthly costs, including utilities other than telephone, do not
3 exceed 30 percent of the monthly income.

4 (2) "City" means a city or town as defined in Title 35 RCW.

5 (3) "District" means a housing benefit district established under
6 this chapter by:

7 (a) A city legislative authority. A district established solely
8 by a city must have jurisdictional boundaries that are coextensive
9 with the city's boundaries;

10 (b) A county legislative authority. A district established solely
11 by a county must have jurisdictional boundaries that are coextensive
12 with the unincorporated area of the county; or

13 (c) Interlocal agreement between one or more cities or counties.
14 A district established by one or more cities or counties must have
15 jurisdictional boundaries that are coextensive with the establishing
16 cities or counties.

17 (4) "Extremely low-income household" means a single person,
18 family, or unrelated persons living together whose income is at or
19 below 30 percent of the median income, as determined by the United
20 States department of housing and urban development, with adjustments
21 for household size, for the county where the taxing district is
22 located.

23 (5) "Low-income household" means a single person, family, or
24 unrelated persons living together whose income is above 50 percent
25 and at or below 80 percent of the median income, as determined by the
26 United States department of housing and urban development, with
27 adjustments for household size, for the county where the taxing
28 district is located.

29 (6) "Middle-income household" means a single person, family, or
30 unrelated persons living together whose income is above 80 percent
31 and at or below 120 percent of the median income, as determined by
32 the United States department of housing and urban development, with
33 adjustments for household size, for the county where the taxing
34 district is located.

35 (7) "Participating jurisdiction" means a city or county that has
36 created a housing benefit district under this act.

37 (8) "Station area" means an area within one-half mile of a major
38 transit stop that is zoned to have an average minimum density of 15
39 dwelling units or more per gross acre.

1 (9) "Station area plan" means a subarea plan adopted under RCW
2 43.21C.420.

3 (10) "Very low-income household" means a single person, family,
4 or unrelated persons living together whose income is above 30 percent
5 and at or below 50 percent of the median income, as determined by the
6 United States department of housing and urban development, with
7 adjustments for household size, for the county where the taxing
8 district is located.

9 NEW SECTION. **Sec. 3.** (1) Subject to the requirements of
10 subsection (5) of this section, the legislative authority of a county
11 or city may establish a housing benefit district for the purpose of
12 acquiring, land banking, predevelopment contracting, selling,
13 improving, funding, and leasing land for the creation of affordable
14 low-income and middle-income housing and community development
15 projects within the district consistent with any existing state,
16 regional, or county housing plans and chapter 43.185B RCW.

17 (2) The district may include two or more cities or counties, or a
18 combination of both, if the legislative authority of each
19 participating jurisdiction has agreed to the inclusion as provided in
20 an interlocal agreement adopted pursuant to chapter 39.34 RCW.

21 (3) The members of the legislative authority proposing to
22 establish the district, acting ex officio and independently,
23 constitute the governing body of the district. However, where a
24 district includes area within more than one participating
25 jurisdiction under subsection (2) of this section, the district must
26 be governed under an interlocal agreement adopted pursuant to chapter
27 39.34 RCW, with the governing body being composed of:

28 (a) At least five members, including at least one elected
29 official from the legislative authority of each participating
30 jurisdiction and any remaining members appointed by the legislative
31 authority of the participating jurisdictions in a manner determined
32 in the interlocal agreement and who are members having expertise in
33 the areas described in section 8(2) of this act; or

34 (b) The governing body of the metropolitan planning organization
35 serving the district, but only if the district boundaries are
36 identical to the boundaries of the metropolitan planning organization
37 serving the district.

1 (4) The treasurer of the participating jurisdiction proposing to
2 establish the district shall act as the ex officio treasurer of the
3 district, unless an interlocal agreement states otherwise.

4 (5) Prior to the formation of any district, the participating
5 jurisdictions must adopt a housing action plan as described in RCW
6 36.70A.600(2) that includes at least two of the actions listed under
7 RCW 36.70A.600(1) and results in development within the station area
8 producing the following mix of affordable housing:

9 (a) A minimum of five percent affordable to extremely low-income
10 households;

11 (b) A minimum of 10 percent affordable to very low-income
12 households;

13 (c) A minimum of 19 percent affordable to low-income households;

14 (d) A minimum of 33 percent affordable to middle-income
15 households; and

16 (e) The remainder at market rate.

17 (6) A city or county establishing a district within or
18 encompassing a county with a population of at least 750,000 must
19 adopt a station area plan that is consistent with accommodating 65
20 percent of future population growth. Station area plans must be
21 approved by the advisory board created in section 8 of this act
22 before any proposition for a tax is submitted to the voters.
23 Districts must submit any subsequent amendments to station area plans
24 to the advisory board for approval.

25 (7) A district is a municipal corporation, an independent taxing
26 "authority" within the meaning of Article VII, section 1 of the
27 Washington state Constitution, and a "taxing district" within the
28 meaning of Article VII, section 2 of the Washington state
29 Constitution.

30 NEW SECTION. **Sec. 4.** A housing benefit district shall by
31 covenant, deed restriction, and contract ensure that the properties
32 which it transfers or arranges to develop for housing purposes meet
33 or exceed the minimum affordable housing mixture requirements of
34 section 3(5) of this act; and, that the overall mixture of housing
35 developed shall result in a net gain in extremely low-income, very
36 low-income, and low-income housing from the levels existing at the
37 time of formation of the district. Once a housing benefit district is
38 established and housing has been developed and opened for residency,
39 participating jurisdictions within the housing benefit district must

1 conduct regular audits of those housing units built to date on
2 properties of which the district has either transferred ownership for
3 housing purposes or retained ownership and developed for housing to
4 ensure that the district and current owners or operators of such
5 housing units are achieving the affordable housing mix as required by
6 section 3(5) of this act. Audits shall be performed every three
7 years, and at least one-third of all units must be audited during
8 each three-year cycle, with the entire number of units audited after
9 three audit cycles. The audit should determine whether there is a net
10 gain of affordable housing within each quartile below median income
11 within the station area. Audits shall be conducted at the expense of
12 the housing benefit district. If any owner or manager of housing
13 units is determined by the audits required by this section to not be
14 offering units deemed affordable to the residents pursuant to the
15 mixture of affordability established by the district, the auditing
16 jurisdiction shall provide notice to the district and establish a
17 plan to bring the owner or manager into compliance for minor or
18 inadvertent variation from the plan. For significant variances from
19 the affordable housing plan and commitments, the jurisdiction shall
20 notify the department of revenue and the state, county, and
21 jurisdiction shall require repayment of any tax preference provided
22 on the basis of the owner providing affordable housing for all years
23 during which the owner was not substantially in compliance; and, may
24 issue penalties up to the difference between the market rate at which
25 units were offered and the affordable housing rental rate which would
26 have been charged if the owner or manager was compliant with the
27 plan. Penalties collected by the jurisdiction shall be used solely
28 for purposes associated with providing affordable housing and related
29 services.

30 NEW SECTION. **Sec. 5.** A new section is added to chapter 82.14
31 RCW to read as follows:

32 (1) A housing benefit district may submit an authorizing
33 proposition to the voters within the district at a special or general
34 election and, if the proposition is approved by a majority of persons
35 voting, impose a sales and use tax in accordance with the terms of
36 this chapter. The title of each ballot measure must clearly state the
37 purposes for which the proposed sales and use tax will be used and
38 the time period for the sales tax, which may be permanent. Except as
39 provided in subsection (2) of this section, the rate of tax under

1 this section may be one-tenth or two-tenths of one percent of the
2 selling price in the case of a sales tax, or value of the article
3 used, in the case of a use tax. The tax authorized in this section is
4 in addition to any other taxes authorized by law and must be
5 collected from those persons who are taxable by the state under
6 chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event
7 within the boundaries of the district.

8 (2) For districts consisting of a single participating
9 jurisdiction with a population greater than 750,000 or consisting of
10 at least two participating jurisdictions with a combined population
11 greater than 250,000, the rate of tax authorized under subsection (1)
12 of this section may be one-tenth, two-tenths, or three-tenths of one
13 percent of the selling price in the case of a sales tax, or value of
14 the article used, in the case of a use tax.

15 (3) In addition to and independent of the authority provided in
16 subsections (1) and (2) of this section, a district may impose,
17 without a proposition approved by a majority of persons voting, a
18 sales and use tax in accordance with the terms of this chapter. The
19 rate of tax under this section may not exceed .1 percent of the
20 selling price in the case of a sales tax, or value of the article
21 used, in the case of a use tax. The tax authorized in this section is
22 in addition to any other taxes authorized by law and must be
23 collected from those persons who are taxable by the state under
24 chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event
25 within the boundaries of the district.

26 (4) For purposes of this section, the definitions in section 2 of
27 this act apply.

28 NEW SECTION. **Sec. 6.** (1) Beginning with taxes levied for
29 collection in calendar year 2022, the legislative authority of a
30 district may impose a regular property tax levy, not to exceed \$1 per
31 \$1,000 of the assessed value of property in the district, for the
32 exclusive purpose of providing funding for the purposes described in
33 sections 3 and 7 of this act. The tax proposition may be submitted at
34 a general or special election. The tax may be imposed for each year
35 for six consecutive years when specifically authorized by a majority
36 of the registered voters in the district voting on a proposition
37 under this subsection. Ballot propositions must conform with RCW
38 29A.36.210.

1 (2) A district may provide for the retirement of voter-approved
2 general obligation bonds, issued for capital purposes only, by
3 levying bond retirement ad valorem property tax levies in excess of
4 the one percent limitation whenever authorized by the voters of the
5 district pursuant to Article VII, section 2(b) of the Washington
6 state Constitution and RCW 84.52.056.

7 (3) To carry out the purposes of this act and notwithstanding RCW
8 39.36.020(1), a district may issue general obligation bonds without
9 voter approval, not to exceed an amount, together with any other
10 outstanding nonvoter-approved general obligation indebtedness of the
11 district, equal to 1.5 percent of the value of taxable property
12 within the district, as the term "value of the taxable property" is
13 defined in RCW 39.36.015. A district may additionally issue general
14 obligation bonds for capital purposes only, together with any
15 outstanding general obligation indebtedness, not to exceed an amount
16 equal to five percent of the value of the taxable property within the
17 district, as the term "value of the taxable property" is defined in
18 RCW 39.36.015, when authorized by the voters of the district pursuant
19 to Article VIII, section 6 of the Washington state Constitution, and
20 may also provide for the retirement thereof by excess property tax
21 levies as provided in subsection (2) of this section. The district
22 may, if applicable, submit a single proposition to the voters that,
23 if approved, authorizes both the issuance of the bonds and the bond
24 retirement property tax levies.

25 (4) Districts may issue general obligation bonds in accordance
26 with chapter 39.46 RCW that mature within 40 years.

27 (5) Whenever general obligation bonds are issued to fund specific
28 projects or enterprises that generate revenues, the district may
29 specifically pledge all or a portion of the revenues to pay the
30 principal of and interest on the general obligation bonds. The
31 district may also pledge any other revenues that may be available to
32 the district.

33 (6) In addition to general obligation bonds, a district may issue
34 revenue bonds to be issued and sold in accordance with chapter 39.46
35 RCW.

36 (7) For purposes of this section, "regular property tax levy"
37 means a levy subject to the limitations provided for in Article VII,
38 section 2 of the Washington state Constitution or by statute.

1 NEW SECTION. **Sec. 7.** (1)(a) Any moneys received from the taxes
2 imposed or bonds issued under this chapter must be spent to implement
3 or reimburse jurisdictions for implementing the purposes of this
4 chapter, including the following:

5 (i) Station area planning strategies, including creating new or
6 updating existing plans, identifying a community vision, assessing
7 the current regulatory environment and identify possible barriers to
8 affordable housing development, assessing displacement risk for
9 current low-income residents and underrepresented racial and ethnic
10 minorities, creating a displacement mitigation plan, promoting
11 equitable homeownership opportunities for underrepresented racial and
12 ethnic minorities, and assessing alternate pathways to ownership
13 models such as community land trusts and limited or shared equity
14 cooperatives;

15 (ii) Infrastructure development, such as area-wide environmental
16 plans, sewers, and sidewalks; and

17 (iii) Land acquisition, based on station area plans and working
18 with local jurisdictions and both nonprofit and for-profit developers
19 to acquire, assemble, lease, land bank parcels, or sell, in cases
20 where the station area plan clearly demonstrates that it is not
21 financially feasible to lease all development parcels, with the net
22 proceeds directed to subsidies for affordable housing and to promote
23 community land trusts and infrastructure costs. Where leasing a
24 development parcel is financially feasible, the housing benefit
25 district may also choose to retain the underlying ownership of the
26 parcel. The housing benefit district shall include in station area
27 plans specific enforceable commitments to include in deed
28 restrictions, covenants, contracts, and leases which ensure that the
29 plan does not reduce the housing units available in the station area
30 for extremely low, very low, and low-income residents; and, which
31 establish a plan to meet the affordable housing population goals in
32 section 3(5) of this act, including minimum expectations for owners
33 and managers of all properties which it has purchased. The housing
34 benefit district shall provide ongoing funding for the jurisdiction
35 or jurisdictions within which the properties purchased by the
36 district lie which is adequate for the jurisdiction to perform the
37 auditing function required pursuant to section 4 of this act.

38 (b) For purposes of (a)(iii) of this subsection, land may not be
39 leased or sold at a discounted rate unless affordable housing
40 comprises more than 40 percent of the units.

1 (2) Up to one percent of revenue generated by the taxes imposed
2 under this act may be used to:

3 (a) Cover the actual costs incurred by the advisory board created
4 in section 8 of this act in the performance of its oversight and
5 technical assistance duties; and

6 (b) Compensate housing finance commission staff providing support
7 to the advisory board.

8 NEW SECTION. **Sec. 8.** (1) There is hereby established a housing
9 benefit district advisory board, to be appointed by the governor, to
10 provide oversight and technical assistance to districts.

11 (2) (a) The governor shall appoint nine members of the advisory
12 board, one of whom shall be appointed by the governor as chair. The
13 advisory board shall consist of the following voting members:

14 (i) One member with public or private real estate finance
15 experience;

16 (ii) One member with affordable housing development experience;

17 (iii) One member with market rate housing development experience;

18 (iv) One member with experience in neighborhood and community
19 planning;

20 (v) One member with design and architecture experience;

21 (vi) One member with experience in transit-oriented development;

22 (vii) One member with economic development experience;

23 (viii) One member representing advocates for affordable housing
24 for marginalized communities; and

25 (ix) One member representing nonprofit housing developers.

26 (b) In appointing persons to serve on the advisory board, the
27 governor shall strive to reflect the racial and ethnic makeup of
28 state residents overall to ensure the inclusion of members of racial
29 and ethnic groups disproportionately experiencing severe and moderate
30 housing cost-burden.

31 (c) The term of the persons appointed by the governor, other than
32 the chair, is four years from the date of their appointment, except
33 that the terms of three of the initial appointees are for two years
34 from the date of their appointment.

35 (3) The advisory board must review and approve the station area
36 plans submitted by the districts pursuant to section 3(6) of this act
37 to confirm compliance with regional growth strategies.

38 (4) Staff to the housing finance commission under chapter 43.180
39 RCW must provide administrative and staff support to the advisory

1 board and must be compensated for its services as prescribed under
2 section 7(3) of this act. In performing administrative and staff
3 support to the advisory board, housing finance commission staff must:

4 (a) Employ permanent and temporary staff with expertise in
5 housing finance, land use and planning, transit, and project
6 development; and

7 (b) Provide all administrative and information technology
8 services required for the advisory board.

9 **Sec. 9.** RCW 36.70A.600 and 2020 c 173 s 1 are each amended to
10 read as follows:

11 (1) A city planning pursuant to RCW 36.70A.040 is encouraged to
12 take the following actions in order to increase its residential
13 building capacity:

14 (a) Authorize development in one or more areas of not fewer than
15 five hundred acres that include at least one train station served by
16 commuter rail or light rail with an average of at least fifty
17 residential units per acre that require no more than an average of
18 one on-site parking space per two bedrooms in the portions of
19 multifamily zones that are located within the areas;

20 (b) Authorize development in one or more areas of not fewer than
21 two hundred acres in cities with a population greater than forty
22 thousand or not fewer than one hundred acres in cities with a
23 population less than forty thousand that include at least one bus
24 stop served by scheduled bus service of at least four times per hour
25 for twelve or more hours per day with an average of at least twenty-
26 five residential units per acre that require no more than an average
27 of one on-site parking space per two bedrooms in portions of the
28 multifamily zones that are located within the areas;

29 (c) Authorize at least one duplex, triplex, quadplex, sixplex,
30 stacked flat, townhouse, or courtyard apartment on each parcel in one
31 or more zoning districts that permit single-family residences unless
32 a city documents a specific infrastructure of physical constraint
33 that would make this requirement unfeasible for a particular parcel;

34 (d) Authorize a duplex, triplex, quadplex, sixplex, stacked flat,
35 townhouse, or courtyard apartment on one or more parcels for which
36 they are not currently authorized;

37 (e) Authorize cluster zoning or lot size averaging in all zoning
38 districts that permit single-family residences;

39 (f) Adopt a subarea plan pursuant to RCW 43.21C.420;

- 1 (g) Adopt a planned action pursuant to RCW 43.21C.440(1)(b)(ii),
2 except that an environmental impact statement pursuant to RCW
3 43.21C.030 is not required for such an action;
- 4 (h) Adopt increases in categorical exemptions pursuant to RCW
5 43.21C.229 for residential or mixed-use development;
- 6 (i) Adopt a form-based code in one or more zoning districts that
7 permit residential uses. "Form-based code" means a land development
8 regulation that uses physical form, rather than separation of use, as
9 the organizing principle for the code;
- 10 (j) Authorize a duplex on each corner lot within all zoning
11 districts that permit single-family residences;
- 12 (k) Allow for the division or redivision of land into the maximum
13 number of lots through the short subdivision process provided in
14 chapter 58.17 RCW;
- 15 (l) Authorize a minimum net density of six dwelling units per
16 acre in all residential zones, where the residential development
17 capacity will increase within the city. For purposes of this
18 subsection, the calculation of net density does not include the
19 square footage of areas that are otherwise prohibited from
20 development, such as critical areas, the area of buffers around
21 critical areas, and the area of roads and similar features;
- 22 (m) Create one or more zoning districts of medium density in
23 which individual lots may be no larger than three thousand five
24 hundred square feet and single-family residences may be no larger
25 than one thousand two hundred square feet;
- 26 (n) Authorize accessory dwelling units in one or more zoning
27 districts in which they are currently prohibited;
- 28 (o) Remove minimum residential parking requirements related to
29 accessory dwelling units;
- 30 (p) Remove owner occupancy requirements related to accessory
31 dwelling units;
- 32 (q) Adopt new square footage requirements related to accessory
33 dwelling units that are less restrictive than existing square footage
34 requirements related to accessory dwelling units;
- 35 (r) Adopt maximum allowable exemption levels in WAC 197-11-800(1)
36 as it existed on June 11, 2020, or such subsequent date as may be
37 provided by the department of ecology by rule, consistent with the
38 purposes of this section;
- 39 (s) Adopt standards for administrative approval of final plats
40 pursuant to RCW 58.17.100;

1 (t) Adopt ordinances authorizing administrative review of
2 preliminary plats pursuant to RCW 58.17.095;

3 (u) Adopt other permit process improvements where it is
4 demonstrated that the code, development regulation, or ordinance
5 changes will result in a more efficient permit process for customers;

6 (v) Update use matrices and allowable use tables that eliminate
7 conditional use permits and administrative conditional use permits
8 for all housing types, including single-family homes, townhomes,
9 multifamily housing, low-income housing, and senior housing, but
10 excluding essential public facilities;

11 (w) Allow off-street parking to compensate for lack of on-street
12 parking when private roads are utilized or a parking demand study
13 shows that less parking is required for the project;

14 (x) Develop a local program that offers homeowners a combination
15 of financing, design, permitting, or construction support to build
16 accessory dwelling units. A city may condition this program on a
17 requirement to provide the unit for affordable home ownership or rent
18 the accessory dwelling unit for a defined period of time to either
19 tenants in a housing subsidy program as defined in RCW 43.31.605(14)
20 or to tenants whose income is less than eighty percent of the city or
21 county median family income. If the city includes an affordability
22 requirement under the program, it must provide additional incentives,
23 such as:

24 (i) Density bonuses;

25 (ii) Height and bulk bonuses;

26 (iii) Fee waivers or exemptions;

27 (iv) Parking reductions; or

28 (v) Expedited permitting; and

29 (y) Develop a local program that offers homeowners a combination
30 of financing, design, permitting, or construction support to convert
31 a single-family home into a duplex, triplex, or quadplex where those
32 housing types are authorized. A local government may condition this
33 program on a requirement to provide a certain number of units for
34 affordable home ownership or to rent a certain number of the newly
35 created units for a defined period of time to either tenants in a
36 housing subsidy program as defined in RCW 43.31.605(14) or to tenants
37 whose income is less than eighty percent of the city or county median
38 family income. If the city includes an affordability requirement, it
39 must provide additional incentives, such as:

40 (i) Density bonuses;

- 1 (ii) Height and bulk bonuses;
- 2 (iii) Fee waivers or exemptions;
- 3 (iv) Parking reductions; or
- 4 (v) Expedited permitting.

5 (2) A city planning pursuant to RCW 36.70A.040 may adopt a
6 housing action plan as described in this subsection. The goal of any
7 such housing plan must be to encourage construction of additional
8 affordable and market rate housing in a greater variety of housing
9 types and at prices that are accessible to a greater variety of
10 incomes, including strategies aimed at the for-profit single-family
11 home market. A housing action plan may utilize data compiled pursuant
12 to RCW 36.70A.610. The housing action plan should:

13 (a) Quantify existing and projected housing needs for all income
14 levels, including extremely low-income households, with documentation
15 of housing and household characteristics, and cost-burdened
16 households;

17 (b) Develop strategies to increase the supply of housing, and
18 variety of housing types, needed to serve the housing needs
19 identified in (a) of this subsection;

20 (c) Analyze population and employment trends, with documentation
21 of projections;

22 (d) Consider strategies to minimize displacement of low-income
23 residents and underrepresented racial and ethnic minorities resulting
24 from redevelopment;

25 (e) Review and evaluate the current housing element adopted
26 pursuant to RCW 36.70A.070, including an evaluation of success in
27 attaining planned housing types and units, achievement of goals and
28 policies, and implementation of the schedule of programs and actions;

29 (f) Provide for participation and input from community members,
30 community groups, local builders, local realtors, nonprofit housing
31 advocates, and local religious groups; and

32 (g) Include a schedule of programs and actions to implement the
33 recommendations of the housing action plan.

34 (3) If adopted by April 1, 2023, ordinances, amendments to
35 development regulations, and other nonproject actions taken by a city
36 to implement the actions specified in subsection (1) of this section,
37 with the exception of the action specified in subsection (1)(f) of
38 this section, are not subject to administrative or judicial appeal
39 under chapter 43.21C RCW.

1 (4) Any action taken by a city prior to April 1, 2023, to amend
2 their comprehensive plan, or adopt or amend ordinances or development
3 regulations, solely to enact provisions under subsection (1) of this
4 section is not subject to legal challenge under this chapter.

5 (5) In taking action under subsection (1) of this section, cities
6 are encouraged to utilize strategies that increase residential
7 building capacity in areas with frequent transit service and with the
8 transportation and utility infrastructure that supports the
9 additional residential building capacity.

10 (6) A city that is planning to take at least two actions under
11 subsection (1) of this section (~~(, and that action will occur between~~
12 ~~July 28, 2019, and April 1, 2021,)) is eligible to apply to the
13 department for planning grant assistance of up to one hundred
14 thousand dollars, subject to the availability of funds appropriated
15 for that purpose. The department shall develop grant criteria to
16 ensure that grant funds awarded are proportionate to the level of
17 effort proposed by a city, and the potential increase in housing
18 supply or regulatory streamlining that could be achieved. Funding may
19 be provided in advance of, and to support, adoption of policies or
20 ordinances consistent with this section. A city can request, and the
21 department may award, more than one hundred thousand dollars for
22 applications that demonstrate extraordinary potential to increase
23 housing supply or regulatory streamlining.~~

24 (7) A city seeking to develop a housing action plan under
25 subsection (2) of this section (~~(is))~~ or participating jurisdictions
26 required to adopt a housing action plan under section 3(5) of this
27 act are eligible to apply to the department for up to one hundred
28 thousand dollars.

29 (8) The department shall establish grant award amounts under
30 subsections (6) and (7) of this section based on the expected number
31 of cities or participating jurisdictions that will seek grant
32 assistance, to ensure that all cities and participating jurisdictions
33 can receive some level of grant support. If funding capacity allows,
34 the department may consider accepting and funding applications from
35 cities with a population of less than twenty thousand if the actions
36 proposed in the application will create a significant amount of
37 housing capacity or regulatory streamlining and are consistent with
38 the actions in this section.

39 (9) In implementing chapter 348, Laws of 2019, cities are
40 encouraged to prioritize the creation of affordable, inclusive

1 neighborhoods and to consider the risk of residential displacement,
2 particularly in neighborhoods with communities at high risk of
3 displacement.

4 **Sec. 10.** RCW 82.14.410 and 2015 3rd sp.s. c 24 s 704 are each
5 amended to read as follows:

6 (1) A local sales and use tax change adopted after December 1,
7 2000, must provide an exemption for those sales of lodging for which,
8 but for the exemption, the total sales tax rate imposed on sales of
9 lodging would exceed the greater of:

10 (a) Twelve percent; or

11 (b) The total sales tax rate that would have applied to the sale
12 of lodging if the sale were made on December 1, 2000.

13 (2) For the purposes of this section:

14 (a) "Local sales and use tax change" is defined as provided in
15 RCW 82.14.055.

16 (b) "Sale of lodging" means the sale of or charge made for the
17 furnishing of lodging and all other services by a hotel, rooming
18 house, tourist court, motel, trailer camp, and the granting of any
19 similar license to use real property.

20 (c) "Total sales tax rate" means the combined rates of all state
21 and local taxes imposed under this chapter and chapters 36.100,
22 67.28, 67.40, and 82.08 RCW, and any other tax authorized after March
23 29, 2001, if the tax is in the nature of a sales tax collected from
24 the buyer, but excluding taxes imposed under RCW 81.104.170 before
25 December 1, 2000, and taxes imposed under RCW 82.14.530 and section 5
26 of this act.

27 **Sec. 11.** RCW 84.52.010 and 2017 c 196 s 10 are each amended to
28 read as follows:

29 (1) Except as is permitted under RCW 84.55.050, all taxes must be
30 levied or voted in specific amounts.

31 (2) The rate percent of all taxes for state and county purposes,
32 and purposes of taxing districts coextensive with the county, must be
33 determined, calculated and fixed by the county assessors of the
34 respective counties, within the limitations provided by law, upon the
35 assessed valuation of the property of the county, as shown by the
36 completed tax rolls of the county, and the rate percent of all taxes
37 levied for purposes of taxing districts within any county must be
38 determined, calculated and fixed by the county assessors of the

1 respective counties, within the limitations provided by law, upon the
2 assessed valuation of the property of the taxing districts
3 respectively.

4 (3) When a county assessor finds that the aggregate rate of tax
5 levy on any property, that is subject to the limitations set forth in
6 RCW 84.52.043 or 84.52.050, exceeds the limitations provided in
7 either of these sections, the assessor must recompute and establish a
8 consolidated levy in the following manner:

9 (a) The full certified rates of tax levy for state, county,
10 county road district, regional transit authority, and city or town
11 purposes must be extended on the tax rolls in amounts not exceeding
12 the limitations established by law; however any state levy takes
13 precedence over all other levies and may not be reduced for any
14 purpose other than that required by RCW 84.55.010. If, as a result of
15 the levies imposed under RCW 36.54.130, 84.34.230, 84.52.069,
16 84.52.105, the portion of the levy by a metropolitan park district
17 that was protected under RCW 84.52.120, 84.52.125, 84.52.135, and
18 84.52.140, and the portion of the levy by a flood control zone
19 district that was protected under RCW 84.52.816, the combined rate of
20 regular property tax levies that are subject to the one percent
21 limitation exceeds one percent of the true and fair value of any
22 property, then these levies must be reduced as follows:

23 (i) The portion of the levy by a flood control zone district that
24 was protected under RCW 84.52.816 must be reduced until the combined
25 rate no longer exceeds one percent of the true and fair value of any
26 property or must be eliminated;

27 (ii) If the combined rate of regular property tax levies that are
28 subject to the one percent limitation still exceeds one percent of
29 the true and fair value of any property, the levy imposed by a county
30 under RCW 84.52.140 must be reduced until the combined rate no longer
31 exceeds one percent of the true and fair value of any property or
32 must be eliminated;

33 (iii) If the combined rate of regular property tax levies that
34 are subject to the one percent limitation still exceeds one percent
35 of the true and fair value of any property, the portion of the levy
36 by a fire protection district or regional fire protection service
37 authority that is protected under RCW 84.52.125 must be reduced until
38 the combined rate no longer exceeds one percent of the true and fair
39 value of any property or must be eliminated;

1 (iv) If the combined rate of regular property tax levies that are
2 subject to the one percent limitation still exceeds one percent of
3 the true and fair value of any property, the levy imposed by a county
4 under RCW 84.52.135 must be reduced until the combined rate no longer
5 exceeds one percent of the true and fair value of any property or
6 must be eliminated;

7 (v) If the combined rate of regular property tax levies that are
8 subject to the one percent limitation still exceeds one percent of
9 the true and fair value of any property, the levy imposed by a ferry
10 district under RCW 36.54.130 must be reduced until the combined rate
11 no longer exceeds one percent of the true and fair value of any
12 property or must be eliminated;

13 (vi) If the combined rate of regular property tax levies that are
14 subject to the one percent limitation still exceeds one percent of
15 the true and fair value of any property, the portion of the levy by a
16 metropolitan park district that is protected under RCW 84.52.120 must
17 be reduced until the combined rate no longer exceeds one percent of
18 the true and fair value of any property or must be eliminated;

19 (vii) If the combined rate of regular property tax levies that
20 are subject to the one percent limitation still exceeds one percent
21 of the true and fair value of any property, then the levies imposed
22 under RCW 84.34.230, 84.52.105, section 5 of this act, and any
23 portion of the levy imposed under RCW 84.52.069 that is in excess of
24 thirty cents per thousand dollars of assessed value, must be reduced
25 on a pro rata basis until the combined rate no longer exceeds one
26 percent of the true and fair value of any property or must be
27 eliminated; and

28 (viii) If the combined rate of regular property tax levies that
29 are subject to the one percent limitation still exceeds one percent
30 of the true and fair value of any property, then the thirty cents per
31 thousand dollars of assessed value of tax levy imposed under RCW
32 84.52.069 must be reduced until the combined rate no longer exceeds
33 one percent of the true and fair value of any property or eliminated.

34 (b) The certified rates of tax levy subject to these limitations
35 by all junior taxing districts imposing taxes on such property must
36 be reduced or eliminated as follows to bring the consolidated levy of
37 taxes on such property within the provisions of these limitations:

38 (i) First, the certified property tax levy authorized under RCW
39 84.52.821 must be reduced on a pro rata basis or eliminated;

1 (ii) Second, if the consolidated tax levy rate still exceeds
2 these limitations, the certified property tax levy rates of those
3 junior taxing districts authorized under RCW 36.68.525, 36.69.145,
4 35.95A.100, and 67.38.130 must be reduced on a pro rata basis or
5 eliminated;

6 (iii) Third, if the consolidated tax levy rate still exceeds
7 these limitations, the certified property tax levy rates of flood
8 control zone districts other than the portion of a levy protected
9 under RCW 84.52.816 must be reduced on a pro rata basis or
10 eliminated;

11 (iv) Fourth, if the consolidated tax levy rate still exceeds
12 these limitations, the certified property tax levy rates of all other
13 junior taxing districts, other than fire protection districts,
14 regional fire protection service authorities, library districts, the
15 first fifty cent per thousand dollars of assessed valuation levies
16 for metropolitan park districts, and the first fifty cent per
17 thousand dollars of assessed valuation levies for public hospital
18 districts, must be reduced on a pro rata basis or eliminated;

19 (v) Fifth, if the consolidated tax levy rate still exceeds these
20 limitations, the first fifty cent per thousand dollars of assessed
21 valuation levies for metropolitan park districts created on or after
22 January 1, 2002, must be reduced on a pro rata basis or eliminated;

23 (vi) Sixth, if the consolidated tax levy rate still exceeds these
24 limitations, the certified property tax levy rates authorized to fire
25 protection districts under RCW 52.16.140 and 52.16.160 and regional
26 fire protection service authorities under RCW 52.26.140(1) (b) and
27 (c) must be reduced on a pro rata basis or eliminated; and

28 (vii) Seventh, if the consolidated tax levy rate still exceeds
29 these limitations, the certified property tax levy rates authorized
30 for fire protection districts under RCW 52.16.130, regional fire
31 protection service authorities under RCW 52.26.140(1)(a), library
32 districts, metropolitan park districts created before January 1,
33 2002, under their first fifty cent per thousand dollars of assessed
34 valuation levy, and public hospital districts under their first fifty
35 cent per thousand dollars of assessed valuation levy, must be reduced
36 on a pro rata basis or eliminated.

37 **Sec. 12.** RCW 84.52.043 and 2020 c 253 s 3 are each amended to
38 read as follows:

1 Within and subject to the limitations imposed by RCW 84.52.050 as
2 amended, the regular ad valorem tax levies upon real and personal
3 property by the taxing districts hereafter named are as follows:

4 (1) Levies of the senior taxing districts are as follows: (a) The
5 levies by the state may not exceed the applicable aggregate rate
6 limit specified in RCW 84.52.065 (2) or (4) adjusted to the state
7 equalized value in accordance with the indicated ratio fixed by the
8 state department of revenue to be used exclusively for the support of
9 the common schools; (b) the levy by any county may not exceed one
10 dollar and eighty cents per thousand dollars of assessed value; (c)
11 the levy by any road district may not exceed two dollars and twenty-
12 five cents per thousand dollars of assessed value; and (d) the levy
13 by any city or town may not exceed three dollars and thirty-seven and
14 one-half cents per thousand dollars of assessed value. However any
15 county is hereby authorized to increase its levy from one dollar and
16 eighty cents to a rate not to exceed two dollars and forty-seven and
17 one-half cents per thousand dollars of assessed value for general
18 county purposes if the total levies for both the county and any road
19 district within the county do not exceed four dollars and five cents
20 per thousand dollars of assessed value, and no other taxing district
21 has its levy reduced as a result of the increased county levy.

22 (2) The aggregate levies of junior taxing districts and senior
23 taxing districts, other than the state, may not exceed five dollars
24 and ninety cents per thousand dollars of assessed valuation. The term
25 "junior taxing districts" includes all taxing districts other than
26 the state, counties, road districts, cities, towns, port districts,
27 and public utility districts. The limitations provided in this
28 subsection do not apply to: (a) Levies at the rates provided by
29 existing law by or for any port or public utility district; (b)
30 excess property tax levies authorized in Article VII, section 2 of
31 the state Constitution; (c) levies for acquiring conservation futures
32 as authorized under RCW 84.34.230; (d) levies for emergency medical
33 care or emergency medical services imposed under RCW 84.52.069; (e)
34 levies to finance affordable housing imposed under RCW 84.52.105; (f)
35 the portions of levies by metropolitan park districts that are
36 protected under RCW 84.52.120; (g) levies imposed by ferry districts
37 under RCW 36.54.130; (h) levies for criminal justice purposes under
38 RCW 84.52.135; (i) the portions of levies by fire protection
39 districts and regional fire protection service authorities that are
40 protected under RCW 84.52.125; (j) levies by counties for transit-

1 related purposes under RCW 84.52.140; (k) the portion of the levy by
2 flood control zone districts that are protected under RCW 84.52.816;
3 (~~and~~) (l) levies imposed by a regional transit authority under RCW
4 81.104.175; and (m) levies imposed by housing benefit districts under
5 section 6 of this act.

6 **Sec. 13.** RCW 29A.36.210 and 2010 c 106 s 301 are each amended to
7 read as follows:

8 (1) The ballot proposition authorizing a taxing district to
9 impose the regular property tax levies authorized in RCW 36.68.525,
10 36.69.145, 67.38.130, 84.52.069, section 6 of this act, or 84.52.135
11 must contain in substance the following:

12 "Will the (insert the name of the taxing district) be
13 authorized to impose regular property tax levies of
14 (insert the maximum rate) or less per thousand dollars of assessed
15 valuation for each of (insert the maximum number of years
16 allowable) consecutive years?

17 Yes

18 No

19 Each voter may indicate either "Yes" or "No" on his or her ballot
20 in accordance with the procedures established under this title.

21 (2) The ballot proposition authorizing a taxing district to
22 impose a permanent regular tax levy under RCW 84.52.069 must contain
23 in substance the following:

24 "Will the (insert the name of the taxing district) be
25 authorized to impose a PERMANENT regular property levy of
26 (insert the maximum rate) or less per thousand dollars of assessed
27 valuation?

28 Yes

29 No

30 NEW SECTION. **Sec. 14.** Sections 1 through 4 and 6 through 8 of
31 this act constitute a new chapter in Title 36 RCW.

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