



**BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND**

**AB 6257
May 23, 2023
Regular Business**

AGENDA BILL INFORMATION

TITLE:	AB 6257: Recap of 2023 State Legislative Session	<input checked="" type="checkbox"/> Discussion Only <input type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Receive report.	

DEPARTMENT:	City Manager
STAFF:	Jessi Bon, City Manager Ed Holmes, Chief of Police Jeff Thomas, Community Planning and Development Director Robbie Cunningham-Adams, Management Analyst Merrill Thomas-Schadt, Sr. Management Analyst
COUNCIL LIAISON:	n/a
EXHIBITS:	1. City of Mercer Island Legislative Priorities
CITY COUNCIL PRIORITY:	n/a

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

EXECUTIVE SUMMARY

The purpose of this agenda bill is to provide a recap of the 2023 State Legislative Session and preview potential impacts to the City’s work plan.

- The 2023 Washington State Legislature Regular Session began January 2023 and ended on April 23, 2023.
- A special session was called by the Governor for May 16 where legislators passed a new drug possession law (“Blake Fix”), which the legislature was not successful in enacting during the regular session.
- Housing was the prominent focus of the legislative session, resulting in several bills related to housing, land-use, and permitting.
- The outcome of several of the bills passed this session will impact the City’s Work Plan. Staff will discuss these impacts and provide details on next steps.
- The City was successful in securing \$3.5 million in grant funding for waterfront improvements at Luther Burbank Park.

BACKGROUND

On November 1, 2022, the City Council adopted the City's legislative priorities (Exhibit 1) for the 2023 State Legislative Session ([AB 6178](#)). The City identified five legislative priorities:

- Funding for operations, basic infrastructure, and capital projects
- Support for mental and behavioral health services
- Policing for a safe Mercer Island
- Support for housing availability
- Preserving and protecting the environment

The City executed a contract with Federici, Esser & Gallagher for lobbyist services to assist with the legislative session ([AB 6114](#)).

On February 7, 2023, the City Council received an update on the legislative session, adopted a slight revision to the City's 2023 Legislative Priorities, and approved a letter of opposition to HB1110, regarding increasing middle housing in areas traditionally dedicated to single-family detached housing ([AB 6220](#)). The City consistently advocated against this bill in its original form and continued to do so throughout the session.

On March 7, 2023, the City Council approved talking points on SB 5466 related to Transit Oriented Development (TOD) ([AB 6243](#)). The City's advocacy position included increased flexibility on the placement of the TOD area and removal of restrictions on requiring parking. Council leadership, City staff, and the City's lobbyists used these talking points in communication with representatives in Olympia to advocate for important changes in the bill language. SB 5466 did not pass.

ISSUE/DISCUSSION

The 2023 State Legislative Session was unprecedented in terms of the volume of bills introduced for consideration. City staff, lobbyists, and City Council leadership dedicated a significant amount of time to tracking bills, connecting with representatives and elected officials in neighboring communities, and advocating for legislation that aligns with Mercer Island's priorities.

Advocacy

Mayor Nice, Deputy Mayor Rosenbaum, City staff, and the City's lobbying team were actively engaged for several months leading up to the start of the legislative session and throughout the session, tracking bills with potential impact to Mercer Island and the region. City Council leadership and staff teams collaborated extensively to propose amendments directly to Representatives Senn, and Thai, Senator Wellman, and to staff with the Association of Washington Cities (AWC) on a host of bills, but primarily related to housing and land use. The City's advocacy in Olympia and throughout the region included:

- Weekly meetings since January with the Mayor, Deputy Mayor, staff, and lobbyists.
- Regular calls with legislators on bills and emerging issues.
- Weekly meetings with AWC lobbyists, including providing individual technical and legal analysis and suggested amendments on housing bills to AWC.
- Several councilmembers traveled to Olympia for AWC lobby day. They met with Representative Thai, Senator Wellman, and Representative Berquist (Renton).
- City Council approved a letter opposing HB 1110 and talking points on SB 5466.

- City public communications were issued alerting the community to HB 1110 and potential impacts to the city.
- Mayor Nice contacted nearly every mayor in King County, and several mayors outside the County, summarizing the City's concerns with HB 1110 and HB 1245 and shared the City Council approved letter opposing HB 1110. This work enhanced regional-wide engagement on these issues.
- Public Testimony was given by Mayor Nice on HB 1110 to the House Appropriations Committee, Senate Housing Committee, and Senate Ways & Means Committee.
- Public Testimony was given by Mayor Nice on SB 5466 to the House housing and capital budget committees.
- Public Testimony given by the City's lobbyists opposing HB 1245 to the House housing committee.
- The City participated in the work group to improve SB 5466 with AWC lobbyists, SB 5466 bill sponsors, legislators, and the Governor's office.
- The City team addressed many other bills and legislative issues throughout the session – the volume of work was very high.

Police Vehicular Pursuits

[SB 5352](#). Prior to the passage of SB 5352, officers could only engage in vehicular pursuits if they had probable cause to believe a person in the vehicle had committed a violent offense, a sex offense, an escape, or if the officer had reasonable suspicion to believe the person was driving under the influence. SB 5352 now lowers the threshold to engage in pursuits for these offenses from probable cause to reasonable suspicion, and slightly expands the list of qualifying offenses for which an officer can pursue to include vehicular assault offenses and domestic violence assaults. Officers are still prohibited from engaging in pursuits for any other reason, to include pursuing for property crimes.

"Blake Fix" / Controlled Substances

[SB 5536](#) During the 2023 Special Session the legislature reached a compromise on controlled substance legislation. SB 5536 now makes it a gross misdemeanor to knowingly possess a controlled substance or to use such a substance in a public place. The penalty is set at a maximum of 180 days in jail, or up to 364 days in jail if the person has two or more prior convictions for violating this drug law. Possessing or selling prescription drugs is a misdemeanor unless the person has a prescription. Selling drug paraphernalia is a class 1 civil infraction unless such paraphernalia is distributed by public health or prevention programs. Additionally, local governments are preempted from enacting their own laws related to drug paraphernalia. Diversion to treatment services is encouraged for all violation of this new law.

Capital Budget Requests

The final Capitol Budget included \$3,513,000 for large capital projects at Luther Burbank Park. The grant funding, secured through the Recreation and Conservation Office and the Washington Trust for Historic Preservation, will support construction and renovation along the Luther Burbank Park waterfront, including:

- Dock replacement of a system that is at the end of its useful life.
- ADA-accessible ramps, routes, boat-loading features and shoreline and beach access.
- A new viewing deck, overwater platform, expanded beach access, and a new non-motorized small craft dock.
- Renovation and preservation of the Boiler Building for future use as classroom, meeting, and boat storage space, to include a new roof, seismic retrofitting, and utility work.

Public Works Assistance Account

The City supported [SB 5303](#), which would have established the Public Works Assistance Revolving Account. This is one of the City's highest priorities and would have created a permanent revolving fund for low interest infrastructure loans. If passed, the bill would have required an amendment to the Washington State Constitution, to go before the voters in November 2024 (SJR 8101). The bill did not pass this session, but the Public Works Assistance Account was fully funded in the Capital Budget.

Marine Patrol Unit Replacement

The City sought regional support, with the backing of Representative Senn, for funding the replacement of two of its three Marine Patrol vessels through the State's operating budget. Despite receiving strong support from Renton, Medina, and the Town of Yarrow Point, funding for this request was not included in the final budget approved by either the Senate or the House. Marine Patrol vessel replacement will remain a part of the regular fleet replacement cycle while City staff continues to seek alternative funding options where possible.

Revising the Property Tax Cap for Local Governments

[HB 1670](#) and [SB 5770](#) proposed to revise the property tax cap for local governments to account for inflation and population growth up to three percent. These bills did not advance.

Housing, Land Use, and Permitting Bills

Housing and land use were significant themes of this year's legislative session. The City tracked many bills related to housing, land use, and permitting.

Bills that Passed

[HB 1110](#) Mandates new middle housing density in single-family neighborhoods. Requires a two-unit minimum density on all city residential lots. Requires a four-unit minimum density within a ¼ mile walking distance of the future light-rail station. Allows four-units on all residential lots if one of the units is affordable at 60% AMI for renters or 80% AMI for ownership. The City's efforts played a significant role in reducing the negative impacts compared to the bill as it was originally presented. The original bill would have required a four-unit minimum citywide and six-unit minimum within a ½ mile of transit stops.

[HB 1337](#) Mandates removal of certain restrictions on ADU construction. Cities must allow both ADUs and DADUs, may not require owner occupancy, and also includes some restrictions on parking regulations. The City has clarified that the unit-per-lot restrictions of HB 1110 takes precedence over this bill. In other words, ADUs and DADUs each count toward the two-unit per lot restriction of HB 1110. However, in the ¼ mile walkshed of the light rail stations, HB 1337 would take full effect, allowing both an ADU and a DADU.

[SB 5290](#) Concerning consolidating local permit review processes. Bars site plan review of interior alterations under certain conditions, including that the project does not add bedrooms. The rest of the bill is focused on a new grant program to local governments to streamline their permitting process. Creates permit review time period requirements, with penalties to City if timelines are not met. The penalty is 10-20% of the permit fee depending on how late the decision is issued.

- [HB 1293](#) Cities must apply only clear and objective design review standards to the exterior of new development, with exceptions. Modifies project review provisions and adds expedited review of permit applications for some projects.
- [SB 5412](#) Exempts housing projects from the State Environmental Policy Act (SEPA) review if they comply with a local comprehensive plan that has been subject to SEPA review.
- [SB 5491](#) Allowing for residential buildings of a certain height to be served by a single exit under certain conditions. Requires the State Building Code Council to adopt, by rule, standards to allow for up to five stories of multifamily housing units to be served by a single exit no later than July 1, 2026, and make standards available for local adoption.
- [SB 5058](#) Exempting buildings with 12 or fewer units that are no more than two stories from the definition of multiunit residential building.
- [HB 1042](#) Seeks to facilitate the addition of housing units within envelope of existing buildings zoned for commercial or mixed-use. Prohibits cities from imposing certain restrictions such as density limits, parking mandates, and permitting and design standards beyond those generally applicable to all residential development within the building's zone. Will require some reconciliation of city code to implement.

Bills that Did Not Pass

- [HB 1026](#) Eliminating design review boards for residential development. While the bill did not pass, some elements of reducing and modifying the scope of design review boards were integrated into HB 1293.
- [SB 5235](#) Mandates removal of certain restrictions on ADU construction. This bill was not advanced in favor of another ADU bill, HB 1337.
- [HB 1351](#) Prohibiting the imposition of minimum parking requirements except under certain circumstances.
- [HB 1245](#) Mandates cities amend their codes and development regulations to allow for lot splitting, and restricts city's ability to regulate frontage, easements, parking, and right-of-way. The City testified against the bill.
- [SB 5466](#) Promoting transit-oriented development around rapid transit stations (such as Sound Transit Light Rail). The City was actively engaged through the session on this bill and anticipate a version may return next year.
- [HB 1167](#) Contained various changes regulations around building codes and design review for housing. While the bill died, many elements of the bills were incorporated into other bills.
- [HB 1628](#) Creates a new local option real estate excise tax (REET) & State REET increase for affordable housing. Additionally, harmonizes REET 1 & 2 and makes permanent temporary flexibility provisions.
- [HB 1149](#) Authorizes the State Finance Committee to issue up to \$4 billion in general obligation bonds to finance programs and projects that address housing insecurity. Requires the \$4 billion bond authorization to be submitted to the voters at the next general election.

Impacts to City's Work Plan

The outcome of this legislative session on the Community Planning & Development work plan is expected to be significant. The suite of land use and permitting bills passed will require significant adjustments to the comprehensive plan, city code, and permitting workflow. The effect of these bills needs to be accounted for

in the consideration of what packages of code amendments will be considered in the annual dockets for 2024 and 2025.

Staff recommend adding a study session at the end of September and prior to the docketing proposal deadline to provide the City Council with a more detailed overview of the expected impacts of these bills. Staff are still analyzing the bills, the potential impacts, and the timeline to implement.

With the failure of SB 5466 this session, the most impactful bill to the Town Center parking study is no longer relevant. However, HB 1110 will have impacts on Town Center and the City may want to consider extending the pause on the Town Center parking study until it can be reconciled with the impact of HB 1110. Staff will be prepared to make a recommendation to the City Council on the path for the Town Center Parking Study in July.

Additionally, there are multiple bills including HB 1110 that will have impacts to residential development standards. Therefore, pausing of the residential development standards (RDS) review until the bills from the current legislative session are appropriately reviewed and analyzed is recommended. During the Mid-Year Planning Session, AB 6259 will include a discussion on items to be included in the 2024 docketing process related to the legislative session.

HB 1293, SB 5290, and SB 5412 have 90-day implementation deadlines. This only gives staff until late July to have the regulatory changes in place. Staff will bring interim regulations to the City Council on July 18 to comply with State law. The interim regulations will be in effect for 12 months, allowing time for the items to be docketed and permanent regulations developed.

HB 1110, HB 1337, and HB 1042 have implementation deadlines of 6 months after the Comprehensive Plan periodic update deadline, i.e., June 30, 2025. Staff will bring a 2024 docket request this fall to address these future work items.

NEXT STEPS

The final impacts of the bills passed in the 2023 Legislative Session will continue to be discussed and shared with City Council as direction and implementation requirements become clearer.

Staff will continue to provide context and information for City Council awareness on the impacts to the work plan, police operations, and grant project timelines, and will seek input and direction from the Council at future meetings as needed. As already noted, there are significant impacts to the CPD work plan that will be further discussed in AB 6259.

City staff anticipate beginning work on the draft legislative priorities for the 2024 State Legislative Session this fall. This item will be presented to the City Council for review and approval in October or November.

And finally, there is certainly a large body of work that occurs outside of and leading up to the next legislative session including a debrief with the City's lobbyists, meetings with legislators, engagement with AWC and other partners, and more. City staff are also working on thank you letters to all of the entities that supported the various grant applications for Luther Burbank Park.

RECOMMENDED ACTION

Receive report and discuss.