

Housing Element Updates and Recent Legislative Changes

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GROWTH MANAGEMENT SERVICES

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Washington State
Department of
Commerce

We strengthen communities



HOUSING AND HOMELESSNESS



INFRASTRUCTURE AND BROADBAND



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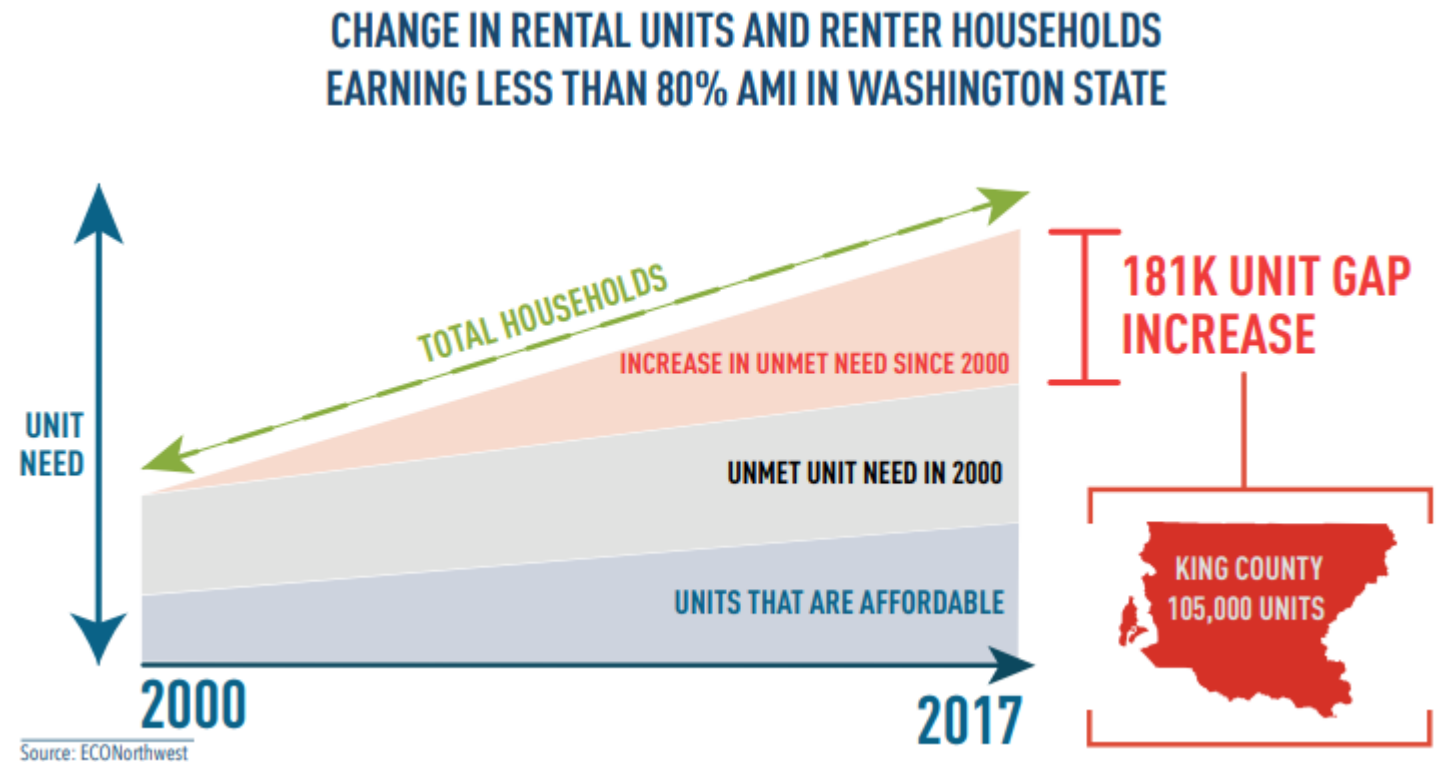
CRIME VICTIMS AND PUBLIC SAFETY



ECONOMIC DEVELOPMENT

Need for More Robust Planning

- Between 2000-2015, new housing production in Washington State fell 225,000 homes short of meeting housing needs (UpForGrowth, 2020)
- The median home price in Washington increased nearly 14% from 2019 to 2022.
- In 2019, 30% of Washington households were cost-burdened, which is a sign of under supply.



Source: Up For Growth, 2020

Housing costs and homelessness are the top two issues throughout Washington state

78% say they want more housing options for seniors, teachers, firefighters, childcare workers, and health care workers

74% prefer most new housing to be in walkable neighborhoods

64% agree that their community needs more diverse and affordable types of housing



77% say rents are too high

75% say it costs too much to buy a home

83% say more reasonably priced housing is needed in their communities



HB 1220 (2021) strengthened housing planning

In 2021, HB 1220 directed Commerce to project future housing needs by income bracket including:

- For moderate, low, very low, and extremely low-income households
- For permanent supportive housing, emergency housing and emergency shelters

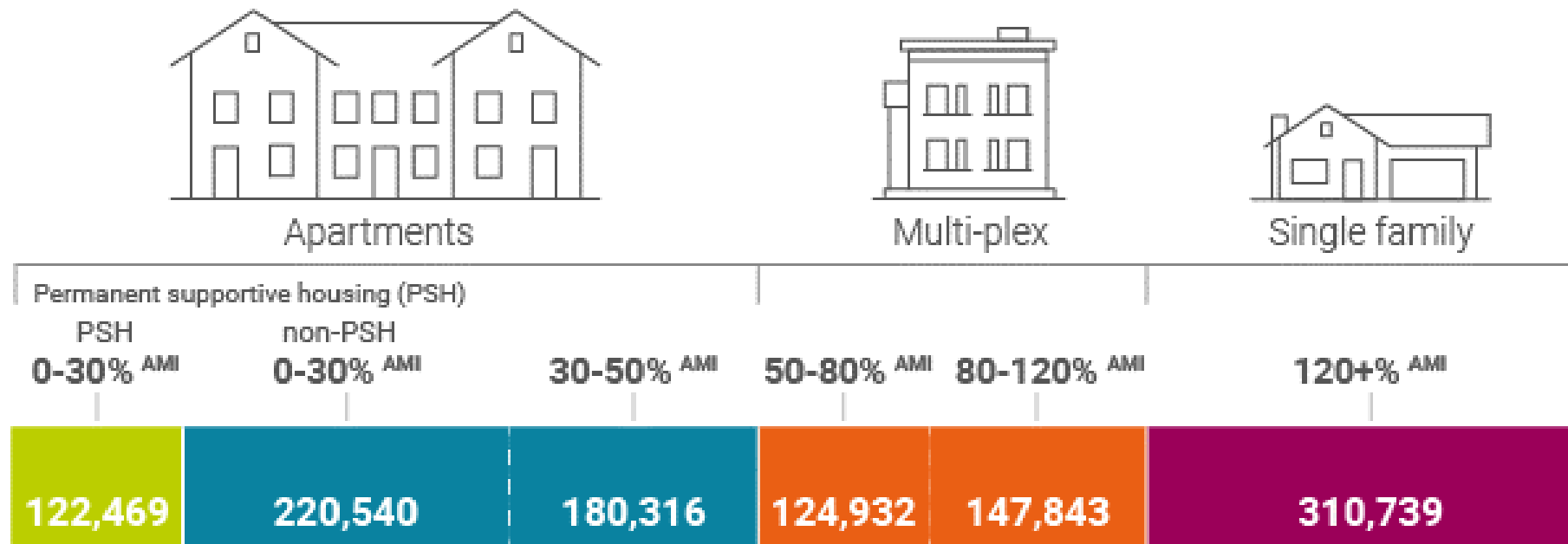
HB 1220 also directed communities to strengthen housing elements and how they accommodate housing, including:

- Identify local housing needs based on Commerce's countywide numbers*
- Identify sufficient land capacity for all housing needs*
- Make adequate provisions for all economic segments (document barriers and actions needed to achieve housing availability)*
- Identify and begin to undo racially disparate impacts, exclusion and displacement*

* Commerce Guidance documents available

We need 1.1 million new homes over the next 20 years

Future housing needs broken down by area medium income (AMI) groups



We also need 91, 357 emergency housing beds over the next 20 years.

Options for Allocating Jurisdictional Housing Needs

Option 1: Focus on new growth

- Same shares of new housing growth are affordable in every jurisdiction
- “Everyone does the same thing”

Option 2: Focus on planning horizon year

- Same shares of total housing stock in 20XX are affordable in every jurisdiction
- “Everyone tries to reach the same goal”

Option 3: Focus on new growth adjusted for local factors

- Adjust Method A for increased housing choice in places with
 - fewer affordable housing options,
 - fewer income-restricted housing options, and
 - a greater imbalance of low-wage workers to low-wage jobs

Mercer Island Needs

	<u>Jurisdictional Permanent Housing Needs</u>								<u>Jurisdictional Emergency Housing Needs</u>
	<u>Total</u>	<u>0 to ≤30%</u>		<u>>30 to ≤50%</u>	<u>>50 to ≤80%</u>	<u>>80 to ≤100%</u>	<u>>100 to ≤120%</u>	<u>>120%</u>	
		<u>Non-PSH</u>	<u>PSH</u>						
<u>Total Future Need: 2044</u>	11,808	613	178	487	674	1,510	1,239	7,107	237
<u>Baseline Supply: 2019</u>	10,569	274	-	285	186	1,506	1,234	7,084	-
<u>Net New Need: 2019- 2044</u>	1,239	339	178	202	488	4	5	23	237

Identify sufficient land capacity

RCW 36.70A.070(2)(c): “Identifies sufficient capacity of land for housing including, but not limited to:

- housing for moderate, low, very low, and extremely low-income households, and
- emergency housing, emergency shelters, and permanent supportive housing...

Minimum requirements

- Present a table of allocated housing needs by income level
- Show that there is enough capacity to meet each type of housing need.
- **If there is insufficient capacity for any type of housing need, the jurisdiction must identify and implement zoning changes that provide enough capacity prior to adoption of the comprehensive plan.**

Possible land capacity findings

- Jurisdictions may find they don't have enough capacity for lower-income housing needs
 - **Result: Need to add land zoned for multifamily housing types**
- Areas that were not planned to be served by infrastructure may need attention in capital facilities plan to support needed capacities

Adequate provisions

(d) Makes adequate provisions for existing and projected needs of all economic segments of the community, including:

...

(ii) Documenting programs and actions needed to achieve housing availability including gaps in local funding, barriers such as development regulations, and other limitations;

Recommended minimum standard:

1. Review housing production trends to determine if a barrier exists (If yes, then proceed to next step)

2. Gather information to determine what kind(s) of barriers exist

3. Identify and document appropriate programs and actions to overcome each barrier identified

“Documenting programs and actions”

Gather information to determine what kinds of barriers exist

Exhibit 7: Moderate Density Housing Barrier Review Checklist

Barrier	Is this barrier likely to affect housing production? (yes or no)	Why or why not? Provide evidence.	Actions needed to address barrier.
Development Regulations			
Unclear development regulations			
Prohibiting some moderate density housing types, such as:			
<ul style="list-style-type: none">• Duplexes• Triplexes• Four/five/six-plexes• Townhomes• Cottage housing• Live-work units• Manufactured home parks			
High minimum lot sizes			
Low maximum densities or low maximum FAR			
Low maximum building heights			

Determine actions to address barriers to housing

Address racially disparate impacts



Step 1 and throughout
Engage the Community



Step 2
Gather and
Analyze
Data



Step 3
Evaluate
Policies



Step 4
Revise Policies



Step 5
Review and
Update
Regulations



Step 3. Evaluate existing policies

- **Evaluate all existing housing policies**
 - Is the policy effective in accommodating needed housing?
 - If not, does it cause disparate impacts, displacement or exclusion in housing?
 - Who benefits and who is burdened by the policy?
 - Does the policy contribute to racially disparate impacts? Displacement? Or exclusion in housing?
 - Does the policy increase displacement risk?
 - If so, can this be mitigated through policies or actions?
 - Does the policy provide protection to communities of interest from displacement?
- **Analysis should consider linkages of policies in other elements.**



Step 5. Review and update regulations

Increase affordable housing production

- Generate revenue for affordable housing
 - Property tax levy
 - Real Estate Excise Tax (REET) 1 or 2
 - Sales and use tax
- Increase affordable housing production
 - Affordable housing incentives
 - Rezoning
 - Multifamily Property Tax Exemption (MFTE)
 - Impact fee waivers

Preserve existing affordable housing

- Mobile home park preservation or conversion to cooperative
- Support community land trusts
- Retain affordability over time
- Notice of intent to sell ordinance
- Regulate short-term rentals

Protect existing households

- Homeownership programs
 - Support financial assistance
 - Support home repair programs
 - Fee waivers for water or sewer connection
- Rental assistance
- Tenant protections
 - Right to return policy
 - Deferral of property tax
 - Relocation assistance


Ensure the benefits of investment and development are equitably distributed

- Community benefit agreements
- Support community led investments
- Monitor for equitable outcomes

Your comprehensive plan

- **Should include:**
 - **Allocation of housing needs from countywide numbers**
 - **Zoning to accommodate the housing affordability needs**
 - **Infrastructure needed to serve needed housing**
 - **Identification of barriers to achieving affordable housing needs and actions needed to address barriers**
 - **Policies to authorize housing and address “exclusionary zoning”**
 - **Policies and regulations to address racially disparate impacts, exclusion and displacement**

HB 1110 (2023) Middle Housing

	Affected cities must allow	If within ¼ mile of major transit stop	Affordability bonus
Cities over 75k population (Tier 1)	4 units/lot on all lots*	6 units/lot *	6 units/lot if 2 are affordable*
Cities of 25k-75k population (Tier 2)	2 units/lot on all lots*	4 units/lot *	4 units/lot if one is affordable*
Cities <25k contiguous UGA with largest city in county > 275,000 (Tier 3)	2 units/lot on all lots*		

- * Unless zoning permits higher densities
- Based on 2020 populations

City of Mercer Island (Tier 2)

Number of Middle Housing Types

- Must allow at least six of the nine middle housing types on all lots predominantly for residential uses to achieve the unit density required.

Off-Street Parking

- No off-street parking required for middle housing within 1/2 mile walking distance of major transit stop
- No more than:
 - One off-street parking space per unit for middle housing on lots smaller than 6,000 SF
 - Two off-street parking spaces per unit for middle housing on lots greater than 6,000 SF
- **Commerce Model Ordinance to be complete in January 2024**
- **Cities must complete updates by 6 months after the periodic update due date (June 30, 2025)**
- **If middle housing capacity is assumed in land capacity analysis, regulations need to be completed with Comp Plan**

HB 1337 (2023) Accessory Dwelling Units



Local governments must, by **6 months after the periodic update due date:**

- **Allow two ADUs per lot in all GMA urban growth areas**
- May not require the owner to occupy the property
- May not prohibit sale as independent units
- Must allow an ADU of at least 1,000 square feet and adjust zoning to be consistent with HB 1337
- Must set consistent parking requirements based on distance from transit and lot size
- **May not charge more than 50% of impact fees charged for the principal unit**

How do HB 1337 and 1110 work together?

- **In summary, Mercer Island must amend development regulations to:**
 - Allow two ADUs on all lots in zones that allow single family homes **AND**
 - Allow at least six of nine types of middle housing to achieve unit count
- **A property owner/builder may develop in accordance with: (1) ADU regs (2) 1110 regs, (3) middle housing with ADU's, as allowed by the city. (Property owner may also do nothing)**
- **For #3, a city can determine if ADUs “stack” (can be added to middle housing unit count), or not.**
 - Example: where a city must allow four units per lot for middle housing, it may allow ADU's to count towards the four.
 - Alternatively, a city may allow four middle housing units (e.g., a fourplex) plus two ADU's (for a total of six units)

Other bills to know about

	Housing Bills
SB 5258	Proportional impact fees for new housing units (all) & unit lot subdivisions is required (cities only)
HB 1042	Allow conversion of existing buildings to residential, including density increase in existing multifamily buildings
HB 1293	Clear and objective design standards
HB 1695	Allows surplus property for affordable housing at a discounted price
HB 1377 (2019)	Affordable housing development on religious owned property – bonus density (cities only)
SB 5058	Exempts small scale multifamily buildings from some regulations
	Other Bills
HB 1181	Climate element, encouraging new growth within UGAs (not until 2029)
SB 5290	Changes to procedures for permit processing (into effect Jan 1, 2025)

Commerce resources

www.commerce.wa.gov/planning-for-housing

- [Housing element requirement updates](#)
- [Middle housing resources](#)
 - PPTs, videos, FAQs, design standards, Pro-Forma
- [ADU guidance](#)
- [2019-2023 housing laws](#)
- [Communications tools](#) (scroll down)
 - Videos, PPTs, fact sheets on basic housing topics
- [Public opinion survey on housing](#)

Planning for Housing

The Planning for Housing page contains information on grants, guidance, and links to



Growth Management Housing Links

- [Updating GMA Housing Elements \(HB 1220\)](#) – projected housing needs and racially disparate impacts
- [Multi-Family Housing Property Tax Exemption program](#)
- [Connecting Housing to Infrastructure Program \(CHIP\)](#)
- [Housing EZView website](#)
- [Housing update: Washington Administrative Code \(WAC\) EZView website](#)
- [Middle Housing](#)

Questions?

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Updating GMA Housing Elements

This webpage contains guidance on planning for housing under the Growth Management Act (GMA), including the new requirements established by House Bill 1220 (2021).

Future housing needs broken down by area median income (AMI) groups



Planning for Housing in Washington State

In 2021, the Washington Legislature changed the way communities are required to plan for housing. [House Bill 1220 \(2021\)](#) amended the Growth Management Act (GMA) to instruct local governments to “plan for and accommodate” housing affordable to all income levels. This significantly strengthened the previous goal, which was to encourage affordable housing.

The amended law also directed the Department of Commerce to project future housing needs for jurisdictions by income bracket and made significant updates to how jurisdictions are to plan for housing in the housing element of their comprehensive plans. These new changes to local housing elements include:

Quick Links

- ⊕ Growth Management
- ⊕ Governor’s Smart Communities Awards
- ⊕ Climate Program
- ⊕ Planning for Housing
- ⊕ Laws and Rules - Growth Management Act
- ⊕ Periodic Updates - Growth Management Act
- ⊕ Growth Management Grants
- ⊕ Growth Management Topics
- ⊕ Guidebooks and Resources
- ⊕ Civilian-Military Compatibility
- ⊕ Defense Community Compatibility
- ⊕ Integrated Stormwater and Watershed Planning
- ⊕ Regional Planners’ Forums
- ⊕ Short Course on Local Planning
- ⊕ Submitting Materials to the State

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