

HOUSE BILL REPORT

HB 1449

As Reported by House Committee On:
Local Government

Title: An act relating to amending reporting requirements for the project permit application processing timeline.

Brief Description: Amending reporting requirements for the project permit application processing timeline.

Sponsors: Representatives Alvarado, Hutchins, Fitzgibbon, Simmons, Christian, Low, Reed, Gregerson, Macri and Bateman.

Brief History:

Committee Activity:

Local Government: 1/31/23, 2/3/23 [DPS].

Brief Summary of Substitute Bill

- Removes requirements related to certain counties and cities producing annual permit processing reports.
- Beginning in 2025, requires an annual permit processing report be submitted to the Department of Commerce by certain counties and cities.
- Requires the Department of Commerce to produce an annual report that includes the information received from the counties' and cities' reports.
- Conditions county and city eligibility for grants from the Growth Management Planning and Environmental Review Fund on compliance with the reporting requirements.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 4 members: Representatives Duerr, Chair; Alvarado, Vice Chair; Berg and

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Riccelli.

Minority Report: Without recommendation. Signed by 2 members: Representatives Goehner, Ranking Minority Member; Griffey.

Staff: Kellen Wright (786-7134).

Background:

The Growth Management Act (GMA) requires that certain counties, and the cities within those counties, engage in planning for future population growth. Currently, 28 counties fully plan under the GMA, and 11 do not. The centerpiece of the planning process is the comprehensive plan. The city or county (local government) must also adopt development regulations to implement the comprehensive plan. Development regulations include zoning ordinances, official controls, subdivision ordinances, and other regulations.

In enforcing these regulations, local governments generally require that a developer obtain one or more permits before development or redevelopment of land is allowed to occur. These permits can be building permits, land use permits, environmental permits, or other permits, and are collectively known as project permits. Once a permit application is submitted, a local government must determine whether the application is complete. An application is complete when it meets the procedural submission requirements of the local government and is sufficient for continued processing, even though additional information or modifications may be subsequently required. A local government has 28 days from the time of the application to respond to the applicant with a determination that the application is complete or whether there is additional information required. The development regulations adopted pursuant to the comprehensive plan must establish and implement deadlines for local governments to process each type of project permit application after it is determined to be complete. These deadlines should not exceed 120 days, unless the local government makes written findings that additional time is needed to process specific types of applications.

Clark, King, Kitsap, Pierce, Snohomish, Thurston, and Whatcom counties, and the cities within those counties, are subject to additional requirements under the GMA. These counties and cities are required to establish a review and evaluation program to determine whether a county and its cities are achieving urban densities within urban growth areas, and to identify reasonable measures to reduce the differences between the assumptions that went into the comprehensive plan and the growth and development that has actually occurred. Part of the review and evaluation involves identifying land suitable for development, and this program is often referred to as the buildable lands program.

Counties subject to the buildable lands program, and cities within those counties that have a population of 20,000 or more, are also subject to additional project permit application reporting requirements. These local governments must prepare an annual performance

report that includes:

- the total number of complete project permit applications received during the year;
- the number of these applications for which the local government met the deadline for issuing a final decision on the application;
- the number of these applications for which the government issued a final decision after the deadline;
- the number of these applications which had an extension of time that was mutually agreed upon by the applicant and the local government;
- the variance of the local government's actual performance, excluding applications which had a mutually agreed extension of time, to the deadline; and
- the mean processing time and the standard deviation from the mean.

The county or city must provide notice of, and access to, the annual reports through the local government's website, or, if the local government does not have a website, by other reasonable means.

The Growth Management Planning and Environmental Review Fund is a fund administered by the Department of Commerce (Commerce) to provide grants or loans to counties or cities planning under the GMA. These funds can be used to pay for the costs of preparing an environmental analysis under the State Environmental Policy Act (SEPA) that is integrated with a comprehensive plan, subarea plan, development regulation, or other planning activity adopted under the GMA and that improves the process for project permit review while maintaining environmental quality, or that encourages the use of plans and information developed for the GMA to satisfy the needs of other state programs. In order to qualify for a loan or grant, a county or city must:

- demonstrate that it will prepare an environmental analysis under SEPA that is integrated with a planning activity;
- address environmental impacts and consequences, alternatives, and mitigation measures in such a way that an applicant can adopt the analysis in whole or in part within the area analyzed;
- demonstrate that procedures for review of applications will be based on the integrated plans and environmental analysis;
- include mechanisms for monitoring growth in the plan areas and updating the plan or analysis with the information;
- not be out of compliance with the GMA for more than six months; and
- provide local funding, which can include private sector financial participation.

In awarding grants or loans, Commerce must prioritize proposals that include certain features, such as private sector financial participation; coordination with federal, state, or tribal governments in project review; and programs for greater citizen and neighborhood involvement.

Summary of Substitute Bill:

Building permits are removed from the definition of a project permit.

The permit reporting requirements applicable to the counties subject to the buildable lands requirements of the GMA, and cities within those counties of 20,000 or more, are repealed. Instead, beginning in 2025, those counties and cities must provide a new annual permitting report to Commerce including information about the timeframes for certain permit types associated with housing. Commerce must provide templates for the local governments to use when providing the report. The report does not need to include the total time for a project to receive final approval, but must include:

- the time frames for each permit process as compared to the statutory deadlines;
- the total number of decisions issued during the year for preliminary subdivisions, final subdivisions, binding site plans, multifamily housing permit processes, and construction plan review for each permit type when it has been submitted separately;
- the total number of decisions for each permit type that included consolidated permit review;
- for each project permit received during the year, the total number of days from the local government's receipt of an application to the issuance of a final decision, with this number determined by counting five days per week and excluding holidays;
- for each project permit received during the year, the total number of days that the application was in review with the local government from the time it was deemed complete to the issuance of the final decision, with this number determined by counting five days per week, excluding holidays and any periods in which the local government was waiting on additional information from the applicant needed for processing the application; and
- for each project permit received during the year, the total number of days that were excluded from the calculation of the days the application was in review because the local government was waiting on the additional information from the applicant.

The report must be provided to Commerce by March 15 of each year, and should include the information about the permits processed during the prior year. The report must also be posted on the local government's website.

By July 1 of each year, Commerce must produce a report which includes the information received from the local governments, a list of those local governments that provide for shorter processing deadlines than 120 days, and key metrics and findings from the report.

In order to be eligible for grants from the Growth Management Planning and Environmental Review Fund, a county or city subject to the requirement to submit an annual report to Commerce must certify to Commerce, and Commerce must verify, that the county or city is in compliance with the reporting requirements.

Substitute Bill Compared to Original Bill:

The substitute bill:

- removes provisions in the the original version of the bill that required certain cities and counites to submit an annual permitting report to Commerce detailing each instance in which a county or city missed the deadline for processing a permit, with an explanation for the length of time that was required;
- replaces the annual permit reporting requirements in current law that are applicable to certain counties and cities with new reporting requirements applicable to the same counties and cities, and, beginning in 2025, requires a new permit report be submitted annually to Commerce;
- requires Commerce to publish a report including the information received from counties and cities by July 1 of each year; and
- conditions the eligibility for grants from the Growth Management Planning and Environmental Review Fund on compliance with the reporting requirements.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 3, 2023.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) The housing crisis demands urgent action, but slow permitting can cause significant costs and delays to a project. Permitting issues can chill investment in projects and can result in no development being undertaken. When public entities are seeking permits, the permitting process can result in a waste of tax dollars. We need to streamline the process for building homes and reduce costs. At a minimum, we should know how long the permitting process takes and where the choke points are. Current law requires permit reporting, but not all local governments are actually reporting. There is not much clarity about how long it takes to issue a permit in many communities. This bill simply requires reporting data to Commerce and provides actual accountability for providing the reports. It can be challenging to improve permitting, but there should at least be agreement that information is needed to make informed policy. It is important to be able to measure performance, as we cannot improve performance if we don't know what is taking place. It is important to be able to see what jurisdictions are doing well and to learn from them, and to see which jurisdictions have challenges and how they can be helped. Jurisdictions want effective reporting about permits that fail to meet timelines. The connection between funding and the reporting requirements will incentivize compliance. The Legislature has a great opportunity to take meaningful steps to fix the housing crisis. More than one bill will be needed, but this is a good bill and will make a difference. This is a simple bipartisan bill to take small steps to make permitting more efficient and streamlined.

(Opposed) Other bills addressing permitting have been worked on with stakeholders and

have other strategies, and those bills should be moved over this one. There is concern with the requirement to annually report each instance of permitting timelines being unmet. There can be lots of unique reasons for an application to take longer and for timelines to be missed, many of which are out of the jurisdiction's hands, like issues with the site, staffing, or the developer. Local governments are already struggling to meet reporting requirements, and many are not complying because they lack tools and resources. The accountability is not an issue, but there should be funding in the bill, or it will be an unfunded mandate.

Persons Testifying: (In support) Representative Emily Alvarado, prime sponsor; Scott Hazlegrove, Master Builders Association of King and Snohomish Counties; Bill Stauffacher, Building Industry Association of Washington; and Mike Ennis, Association of Washington Business.

(Opposed) Paul Jewell, Washington State Association of Counties.

Persons Signed In To Testify But Not Testifying: None.