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**SUBSTITUTE HOUSE BILL 1128**

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**State of Washington**

**67th Legislature**

**2021 Regular Session**

**By** House Local Government (originally sponsored by Representatives Ryu, Hackney, Wylie, Bateman, Berg, Simmons, Ramel, Gregerson, Valdez, Duerr, Lekanoff, Macri, Pollet, and Harris-Talley)

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 not exceed 20 years.  
39 Except as provided in subsection (2) of this section, the rate of tax

1 under this section may be one-tenth or two-tenths of one percent of  
2 the 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 one-time sales and use tax in accordance with the terms of this  
19 chapter. The rate of tax under this section may not exceed .1 percent  
20 of the selling price in the case of a sales tax, or value of the  
21 article used, in the case of a use tax. The tax authorized in this  
22 section is in addition to any other taxes authorized by law and must  
23 be 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. Any subsequent sales and use  
26 tax imposed under this subsection must be approved by a majority of  
27 voters.

28 (4) The taxes imposed under this section may not exceed a  
29 duration of 20 years.

30 (5) For purposes of this section, the definitions in section 2 of  
31 this act apply.

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



1 of the registered voters in the district voting on a proposition  
2 under this subsection. Ballot propositions must conform with RCW  
3 29A.36.210.

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

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

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

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

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

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

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

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

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

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

1 district lie which is adequate for the jurisdiction to perform the  
2 auditing function required pursuant to section 4 of this act.

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

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

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

11 (b) Compensate housing finance commission staff providing support  
12 to the advisory board.

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

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

19 (i) One member with public or private real estate finance  
20 experience;

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

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

23 (iv) One member with experience in neighborhood and community  
24 planning;

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

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

27 (vii) One member with economic development experience;

28 (viii) One member representing advocates for affordable housing  
29 for marginalized communities; and

30 (ix) One member representing nonprofit housing developers.

31 (b) In appointing persons to serve on the advisory board, the  
32 governor shall strive to reflect the racial and ethnic makeup of  
33 state residents overall to ensure the inclusion of members of racial  
34 and ethnic groups disproportionately experiencing severe and moderate  
35 housing cost-burden.

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

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

4 (4) Staff to the housing finance commission under chapter 43.180  
5 RCW must provide administrative and staff support to the advisory  
6 board and must be compensated for its services as prescribed under  
7 section 7(3) of this act. In performing administrative and staff  
8 support to the advisory board, housing finance commission staff must:

9 (a) Employ permanent and temporary staff with expertise in  
10 housing finance, land use and planning, transit, and project  
11 development; and

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

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

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

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

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

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

- 1 (d) Authorize a duplex, triplex, quadplex, sixplex, stacked flat,  
2 townhouse, or courtyard apartment on one or more parcels for which  
3 they are not currently authorized;
- 4 (e) Authorize cluster zoning or lot size averaging in all zoning  
5 districts that permit single-family residences;
- 6 (f) Adopt a subarea plan pursuant to RCW 43.21C.420;
- 7 (g) Adopt a planned action pursuant to RCW 43.21C.440(1)(b)(ii),  
8 except that an environmental impact statement pursuant to RCW  
9 43.21C.030 is not required for such an action;
- 10 (h) Adopt increases in categorical exemptions pursuant to RCW  
11 43.21C.229 for residential or mixed-use development;
- 12 (i) Adopt a form-based code in one or more zoning districts that  
13 permit residential uses. "Form-based code" means a land development  
14 regulation that uses physical form, rather than separation of use, as  
15 the organizing principle for the code;
- 16 (j) Authorize a duplex on each corner lot within all zoning  
17 districts that permit single-family residences;
- 18 (k) Allow for the division or redivision of land into the maximum  
19 number of lots through the short subdivision process provided in  
20 chapter 58.17 RCW;
- 21 (l) Authorize a minimum net density of six dwelling units per  
22 acre in all residential zones, where the residential development  
23 capacity will increase within the city. For purposes of this  
24 subsection, the calculation of net density does not include the  
25 square footage of areas that are otherwise prohibited from  
26 development, such as critical areas, the area of buffers around  
27 critical areas, and the area of roads and similar features;
- 28 (m) Create one or more zoning districts of medium density in  
29 which individual lots may be no larger than three thousand five  
30 hundred square feet and single-family residences may be no larger  
31 than one thousand two hundred square feet;
- 32 (n) Authorize accessory dwelling units in one or more zoning  
33 districts in which they are currently prohibited;
- 34 (o) Remove minimum residential parking requirements related to  
35 accessory dwelling units;
- 36 (p) Remove owner occupancy requirements related to accessory  
37 dwelling units;
- 38 (q) Adopt new square footage requirements related to accessory  
39 dwelling units that are less restrictive than existing square footage  
40 requirements related to accessory dwelling units;

1 (r) Adopt maximum allowable exemption levels in WAC 197-11-800(1)  
2 as it existed on June 11, 2020, or such subsequent date as may be  
3 provided by the department of ecology by rule, consistent with the  
4 purposes of this section;

5 (s) Adopt standards for administrative approval of final plats  
6 pursuant to RCW 58.17.100;

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

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

12 (v) Update use matrices and allowable use tables that eliminate  
13 conditional use permits and administrative conditional use permits  
14 for all housing types, including single-family homes, townhomes,  
15 multifamily housing, low-income housing, and senior housing, but  
16 excluding essential public facilities;

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

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

30 (i) Density bonuses;

31 (ii) Height and bulk bonuses;

32 (iii) Fee waivers or exemptions;

33 (iv) Parking reductions; or

34 (v) Expedited permitting; and

35 (y) Develop a local program that offers homeowners a combination  
36 of financing, design, permitting, or construction support to convert  
37 a single-family home into a duplex, triplex, or quadplex where those  
38 housing types are authorized. A local government may condition this  
39 program on a requirement to provide a certain number of units for  
40 affordable home ownership or to rent a certain number of the newly

1 created units for a defined period of time to either tenants in a  
2 housing subsidy program as defined in RCW 43.31.605(14) or to tenants  
3 whose income is less than eighty percent of the city or county median  
4 family income. If the city includes an affordability requirement, it  
5 must provide additional incentives, such as:

- 6 (i) Density bonuses;
- 7 (ii) Height and bulk bonuses;
- 8 (iii) Fee waivers or exemptions;
- 9 (iv) Parking reductions; or
- 10 (v) Expedited permitting.

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

19 (a) Quantify existing and projected housing needs for all income  
20 levels, including extremely low-income households, with documentation  
21 of housing and household characteristics, and cost-burdened  
22 households;

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

26 (c) Analyze population and employment trends, with documentation  
27 of projections;

28 (d) Consider strategies to minimize displacement of low-income  
29 residents and underrepresented racial and ethnic minorities resulting  
30 from redevelopment;

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

35 (f) Provide for participation and input from community members,  
36 community groups, local builders, local realtors, nonprofit housing  
37 advocates, and local religious groups; and

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

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

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

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

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

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

35 (8) The department shall establish grant award amounts under  
36 subsections (6) and (7) of this section based on the expected number  
37 of cities or participating jurisdictions that will seek grant  
38 assistance, to ensure that all cities and participating jurisdictions  
39 can receive some level of grant support. If funding capacity allows,  
40 the department may consider accepting and funding applications from



1 cities with a population of less than twenty thousand if the actions  
2 proposed in the application will create a significant amount of  
3 housing capacity or regulatory streamlining and are consistent with  
4 the actions in this section.

5 (9) In implementing chapter 348, Laws of 2019, cities are  
6 encouraged to prioritize the creation of affordable, inclusive  
7 neighborhoods and to consider the risk of residential displacement,  
8 particularly in neighborhoods with communities at high risk of  
9 displacement.

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

12 (1) A local sales and use tax change adopted after December 1,  
13 2000, must provide an exemption for those sales of lodging for which,  
14 but for the exemption, the total sales tax rate imposed on sales of  
15 lodging would exceed the greater of:

16 (a) Twelve percent; or

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

19 (2) For the purposes of this section:

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

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

26 (c) "Total sales tax rate" means the combined rates of all state  
27 and local taxes imposed under this chapter and chapters 36.100,  
28 67.28, 67.40, and 82.08 RCW, and any other tax authorized after March  
29 29, 2001, if the tax is in the nature of a sales tax collected from  
30 the buyer, but excluding taxes imposed under RCW 81.104.170 before  
31 December 1, 2000, and taxes imposed under RCW 82.14.530 and section 5  
32 of this act.

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

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

37 (2) The rate percent of all taxes for state and county purposes,  
38 and purposes of taxing districts coextensive with the county, must be

1 determined, calculated and fixed by the county assessors of the  
2 respective counties, within the limitations provided by law, upon the  
3 assessed valuation of the property of the county, as shown by the  
4 completed tax rolls of the county, and the rate percent of all taxes  
5 levied for purposes of taxing districts within any county must be  
6 determined, calculated and fixed by the county assessors of the  
7 respective counties, within the limitations provided by law, upon the  
8 assessed valuation of the property of the taxing districts  
9 respectively.

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

15 (a) The full certified rates of tax levy for state, county,  
16 county road district, regional transit authority, and city or town  
17 purposes must be extended on the tax rolls in amounts not exceeding  
18 the limitations established by law; however any state levy takes  
19 precedence over all other levies and may not be reduced for any  
20 purpose other than that required by RCW 84.55.010. If, as a result of  
21 the levies imposed under RCW 36.54.130, 84.34.230, 84.52.069,  
22 84.52.105, the portion of the levy by a metropolitan park district  
23 that was protected under RCW 84.52.120, 84.52.125, 84.52.135, and  
24 84.52.140, and the portion of the levy by a flood control zone  
25 district that was protected under RCW 84.52.816, the combined rate of  
26 regular property tax levies that are subject to the one percent  
27 limitation exceeds one percent of the true and fair value of any  
28 property, then these levies must be reduced as follows:

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

33 (ii) If the combined rate of regular property tax levies that are  
34 subject to the one percent limitation still exceeds one percent of  
35 the true and fair value of any property, the levy imposed by a county  
36 under RCW 84.52.140 must be reduced until the combined rate no longer  
37 exceeds one percent of the true and fair value of any property or  
38 must be eliminated;

39 (iii) If the combined rate of regular property tax levies that  
40 are subject to the one percent limitation still exceeds one percent

1 of the true and fair value of any property, the portion of the levy  
2 by a fire protection district or regional fire protection service  
3 authority that is protected under RCW 84.52.125 must be reduced until  
4 the combined rate no longer exceeds one percent of the true and fair  
5 value of any property or must be eliminated;

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

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

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

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

33 (viii) 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, then the thirty cents per  
36 thousand dollars of assessed value of tax levy imposed under RCW  
37 84.52.069 must be reduced until the combined rate no longer exceeds  
38 one percent of the true and fair value of any property or eliminated.

39 (b) The certified rates of tax levy subject to these limitations  
40 by all junior taxing districts imposing taxes on such property must

1 be reduced or eliminated as follows to bring the consolidated levy of  
2 taxes on such property within the provisions of these limitations:

3 (i) First, the certified property tax levy authorized under RCW  
4 84.52.821 must be reduced on a pro rata basis or eliminated;

5 (ii) Second, if the consolidated tax levy rate still exceeds  
6 these limitations, the certified property tax levy rates of those  
7 junior taxing districts authorized under RCW 36.68.525, 36.69.145,  
8 35.95A.100, and 67.38.130 must be reduced on a pro rata basis or  
9 eliminated;

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

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

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

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

32 (vii) Seventh, if the consolidated tax levy rate still exceeds  
33 these limitations, the certified property tax levy rates authorized  
34 for fire protection districts under RCW 52.16.130, regional fire  
35 protection service authorities under RCW 52.26.140(1)(a), library  
36 districts, metropolitan park districts created before January 1,  
37 2002, under their first fifty cent per thousand dollars of assessed  
38 valuation levy, and public hospital districts under their first fifty  
39 cent per thousand dollars of assessed valuation levy, must be reduced  
40 on a pro rata basis or eliminated.

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

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

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

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

