

HOUSE BILL REPORT

HB 1672

*As Reported By House Committee on:
Housing*

Title: An act relating to growth strategies.

Brief Description: Changing provisions relating to growth strategies.

Sponsor(s): Representatives Nelson, R. Meyers, Jacobsen, Heavey, Roland, Ferguson, Hine, O'Brien, Ogden, Rust, Paris, Fraser and Wineberry.

Brief History:

Reported by House Committee on:
Housing, March 5, 1991, DPS.

**HOUSE COMMITTEE ON
HOUSING**

Majority Report: *That Substitute House Bill No. 1672 be substituted therefor, and the substitute bill do pass.*
Signed by 6 members: Representatives Nelson, Chair; Franklin, Vice Chair; Mitchell, Ranking Minority Member; Leonard; Ogden; and Wineberry.

Minority Report: *Do not pass.* Signed by 2 members: Representatives Winsley, Assistant Ranking Minority Member; and Ballard.

Staff: Bill Lynch (786-7092).

Background: The Legislature enacted ESHB 2929 during the 1990 session as a first step in addressing growth in the state. ESHB 2929 requires 12 counties, and the cities within those counties, to adopt comprehensive plans and development regulations that contain certain features, including a housing element. Other jurisdictions may choose to opt into the planning provisions of the bill. Zoning ordinances must be consistent with, and implement, the comprehensive plan.

Summary of Substitute Bill: Any jurisdiction that is either required to plan, or chooses to plan, under the growth management laws may adopt a local ordinance authorizing the payment of relocation assistance. The cash portion of the relocation assistance may be in the form of foregone rent if

authorized by the local jurisdiction. The local jurisdiction may also establish a value on any services, such as moving assistance, that helps the tenant to relocate.

The real estate excise tax that existed before the adoption of ESHB 2929 may be used for the construction, reconstruction, acquisition, or rehabilitation of low-income housing in addition to relocation assistance.

Whenever the state or a local public agency demolishes or otherwise eliminates low-income housing for a public works project, it must deposit moneys into a local housing replacement fund. The amount of the deposit must equal the cost of providing an equal number of new low-income rental housing units in the same location. The moneys may only be used for acquiring, constructing, or rehabilitating low-income housing stock. An impact fee does not have to be paid for the demolition of housing that constitutes a nuisance or safety hazard.

A county, city, or town may impose an impact fee on development activity for replacement housing. The impact fee may be imposed on development activity that involves the demolition of a structure previously used as low-income housing, or the conversion of any such structure to use other than low-income housing. The housing replacement fee may not exceed the estimated cost of offsetting the impact of the development activity on the supply of low-income housing in the area in which the development is located. All housing replacement fees must be used to provide or finance low-income housing. After July 1, 1993, a jurisdiction may only impose a housing replacement fee if it is in compliance with its fair share affordable housing goal.

The Department of Community Development, in consultation with local governments, is required to establish by rule a process for determining a community's fair share affordable housing goal. "Fair share" is defined as housing of various types and densities, located within a community, that is affordable and available to low-income persons and persons with special needs, in proportion to the county or regional need. A community is defined for fair share purposes as an urban area and adjacent land within an adopted 10-year urban growth boundary, and may include more than one city.

"Affordable housing" is defined as housing for income groups who typically have difficulty renting or purchasing market rate housing and who have incomes that do not exceed 80 percent of the median income for the area. In order for

housing to be affordable, the total housing costs must not exceed 30 percent of the household's gross monthly income.

The process for establishing fair share of affordable housing is based upon county-wide data provided by the Office of Financial Management, except that the Department of Community Development may aggregate data from more than one county where it deems appropriate.

The process for establishing fair share affordable housing goals must include a review of the amount and condition of existing housing stock, the projected need for affordable housing in the community, per capita income, population density, amount of developable land in the urban growth area, and the projected number of jobs in the community in the next 10 years. A community's fair share affordable housing goals shall include housing that is affordable to very low-income and low-income households. The department is directed to encourage cooperative efforts between communities to meet their fair share affordable housing goals.

Each community must submit a report to the department every four years that describes the progress that is being made to meet fair share affordable housing goals. In determining whether a community is making a good faith effort to meet its fair share housing goals, the department may consider a community's effort in reducing minimum lot and frontage sizes, the amount of local effort compared to the tax capacity, the submission of any bond and levy measures for affordable housing, the identification and elimination of restrictive zoning or regulations that impact affordable housing, the enactment of density bonuses and land use techniques such as cluster housing and planned unit developments, the adoption of a current use classification for assessing low-income housing, and efforts to preserve federally assisted housing developments.

A community that meets its fair share affordable housing goals will receive preference points on applications to the housing trust fund and public works assistance account.

New communities must contain a mix of jobs, housing, and public facilities needed for a self-contained community, including a fair share of affordable housing.

The comprehensive plan must contain a housing element that promotes housing that is affordable; identifies zoning restrictions that unduly limit density or which unreasonably increase housing development costs; includes at least a 10-year plan for financing the preservation and development of affordable housing and for meeting the community's fair

share housing goals; and minimizes the displacement of residents from housing. The housing element must also include an inventory and analysis of existing and projected housing needs. This includes a jobs-housing balance consisting of at least a comparison between the supply of housing and the number of jobs projected in the next 10 years in the community, and an assessment of whether the housing is affordable to the workers.

The financing plan required as part of the housing element must realistically project the amount of low-income housing units that will be needed in the community in the next 10 years, and how much money could be raised to meet the housing need from bond sales, excess levies, real estate excise tax collections, impact fees, grants, and other funding sources.

For land use and zoning purposes, manufactured housing that meets the definition of a "designated manufactured home" must be permitted as single-family housing. Cities and counties are also encouraged to facilitate the siting of mobile home parks by decreasing lot size and setback requirements, and by allowing mobile home parks to be sited the same as other residential subdivisions.

Any city with a population of 25,000 or more that plans under the growth management laws must establish a neighborhood inclusion process. The process must provide neighborhood groups with an opportunity to develop a neighborhood plan that addresses how their neighborhood can assist the city meet its overall goals and requirements for growth management. The city can assume control over the plan if it is not proceeding in a timely manner. Every such city must also establish citizen advisory councils to assist in the development of the comprehensive land use plans and development regulations. The councils are to be consulted on the development of methods to meet fair share affordable housing goals and be consulted at key planning milestones. The Department of Community Development is directed to hold community forums to disseminate information about neighborhood participation in growth management. The forums can be held jointly with a city or county.

Substitute Bill Compared to Original Bill: Definitions are provided for "fair share" and "affordable housing." New communities must also provide for a fair share of affordable housing. Any jurisdiction that plans under the growth management laws may enact ordinances providing for relocation assistance instead of just those jurisdictions that are required to plan under the law. Local jurisdictions are authorized to impose impact fees for replacement housing. The previously existing real estate

excise tax may be used for the construction, reconstruction, rehabilitation, or acquisition of low-income housing. Cities with a population of 25,000 or more must establish a neighborhood inclusion process to allow neighborhoods an opportunity to assist the city in its planning process. The housing element in the comprehensive plan must contain a finance plan that indicates how a community anticipates funding its fair share affordable housing goals. The Department of Community Development is required to establish fair share affordable housing goals for each community based upon county-wide data provided by the state Office of Financial Management. Housing for people with special needs is included within the housing element. Manufactured housing that meets the definition of "designated manufactured housing" must be treated for zoning purposes as single-family housing. Communities that meet their fair share affordable housing goals are given preference points on housing trust fund applications or public works assistance account applications.

Fiscal Note: Requested February 28, 1991.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: The growth strategies bill must contain a strong and clear housing element. All jurisdictions must be required to plan for present and future housing needs. The housing element must contain a fair share component, allow the development of mobile home parks, look into the need for a jobs-housing balance, and other techniques that will assist in the development of affordable housing and housing for special needs populations. The fair share component is important to encourage all jurisdictions to take a share of the regions low-income housing and not have it located in one community or area of a county. The use of impact fees and real estate excise taxes for the replacement of affordable housing that is lost through conversion or demolition are important financing tools. The need for strong neighborhood involvement in the planning process of a local jurisdiction's plan is key to the implementation of local growth strategies techniques.

Testimony Against: Local governments should not be preempted on the siting of manufactured housing. Relocation assistance and impact fees may be unconstitutional. Fair share housing is a difficult concept to understand. Impact fees should not be used for low-income housing. The real estate excise tax should not be used for low-income housing because that is more like a program than a capital expenditure. People who redesign their buildings should not be required to pay relocation assistance because that is

more a societal problem. Impact fees can increase the cost of land and make housing more expensive. Social policy should not be intertwined with land availability.

Witnesses: Ron Clarke, Washington Manufactured Housing Association (Pro); Robert Jacobson, Senior Lobby (Pro); John Fox, Seattle Displacement Coalition (Pro); Walter Belka, Elder Citizens' Coalition of Washington (Pro); Frank Morris, Puget Sound Council of Senior Citizens (Pro - with comments); Chris Leman, Coalition of Washington Communities (Pro); Richard Gamble, The Tenants Union (Pro); Conrad Hermsted (Pro); Mike Doubleday, city of Seattle (Pro); Ron Main, King County (Pro); Dave Williams, Association of Washington Counties (Pro - with concerns over certain provisions); Mike Ryherd, Low-Income Housing Congress (Pro); Mary Murphy, League of Women Voters (Pro - with comments); Dick Ducharme, Utility Contractors Association of Washington (Pro - with significant amendments); Jeanette Burrage, Northwest Legal Fund (Con); Enid Lays, Association of Washington Business (Con); and Glen Hudson, Washington Association of Realtors (Con).