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**SUBSTITUTE SENATE BILL 6196**

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**State of Washington**

**58th Legislature**

**2004 Regular Session**

**By** Senate Committee on Land Use & Planning (originally sponsored by Senators Benton, T. Sheldon and Mulliken)

READ FIRST TIME 02/04/04.

1       AN ACT Relating to restoring the American dream by allowing single-  
2 family residential development outside urban growth areas in counties  
3 where the first-time home buyers housing affordability index shows that  
4 housing is not affordable; adding new sections to chapter 36.70A RCW;  
5 and creating a new section.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7       NEW SECTION. **Sec. 1.** The legislature finds that first-time home  
8 buyers in Washington state have been priced out of the housing market  
9 in many counties. The legislature finds that many organizations,  
10 including local governments, have recognized the affordable housing  
11 crisis for first-time home buyers. The legislature finds that, for  
12 example, as reported in King county's benchmark growth report, "buying  
13 a first home remains extremely difficult for those under one hundred  
14 twenty percent of median income." The legislature further finds that  
15 growth management regulations contribute to the high cost of housing in  
16 many Washington counties, and that loosening land use regulations will  
17 reduce housing prices. The legislature finds that numerous studies  
18 have determined that growth management restrictions increase the cost  
19 of housing.

1           The legislature intends to make housing more affordable for first-  
2 time home buyers in counties where housing is currently not affordable  
3 for first-time home buyers. The legislature intends to do this by  
4 allowing single-family detached residential development to be placed  
5 outside of urban growth boundaries at density levels currently  
6 prohibited under the prevailing interpretation of the growth management  
7 act. These single-family detached homes could be placed outside of  
8 urban growth boundaries in counties where the first-time buyer housing  
9 affordability index demonstrates that housing is not affordable for  
10 first-time home buyers.

11           NEW SECTION. **Sec. 2.** A new section is added to chapter 36.70A RCW  
12 to read as follows:

13           (1) As used in this chapter, "first-time buyer housing  
14 affordability index" means the index determined by the Washington  
15 center for real estate research that measures the ability of a typical  
16 renter household to afford the purchase of a typical starter home by  
17 assuming: (a) The household will purchase a home priced at eighty-five  
18 percent of area median with a ten percent down payment; (b) the home  
19 mortgage loan is for a term of thirty years at the prevailing average  
20 fixed rate of interest; (c) the potential first-time home buyer earns  
21 seventy percent of the area median household income and twenty-five  
22 percent of household income can be used for principal and interest  
23 payments.

24           (2) For purposes of this chapter, a first-time buyer housing  
25 affordability index of: (a) One hundred indicates that a household of  
26 the defined income can afford a home of the defined price; (b) less  
27 than one hundred indicates that a household of the defined income  
28 cannot afford a home of the defined price without spending more than  
29 twenty-five percent of their income on mortgage payments; and (c)  
30 greater than one hundred indicates that a household of the defined  
31 income can afford a home of the defined price while spending less than  
32 twenty-five percent of their income on mortgage payments.

33           NEW SECTION. **Sec. 3.** A new section is added to chapter 36.70A RCW  
34 to read as follows:

35           (1)(a) In any county planning under RCW 36.70A.040 in which the  
36 first-time buyer housing affordability index, as defined by section 2

1 of this act, and as determined by the Washington center for real estate  
2 research at Washington State University, is less than one hundred for  
3 three quarters in any given year, for the following two years the  
4 county may permit single-family detached residential development of any  
5 density outside the urban growth area designated according to RCW  
6 36.70A.110. For purposes of this chapter, single-family detached  
7 residential development authorized according to this section shall not  
8 be considered urban growth located outside of an urban growth area.  
9 Services provided to single-family detached residential development  
10 permitted under this section shall not be considered urban services  
11 located outside of an urban growth area.

12 (b) Any county planning under RCW 36.70A.040 implementing (a) of  
13 this subsection may:

14 (i) Change its comprehensive plan and development regulations after  
15 the determination in (a) of this subsection has been made by the  
16 Washington center for real estate research to provide new locations for  
17 or increased density of single-family detached residential development  
18 as provided for in (a) of this subsection; or

19 (ii) Incorporate sections in its comprehensive plan and enact  
20 development regulations that provide new locations for or increased  
21 density of single-family detached residential development which are  
22 contingent upon a determination under (a) of this subsection that the  
23 first-time buyer housing affordability index was less than one hundred  
24 for three quarters in any given year. In the event that the county  
25 chooses to enact sections of its comprehensive plan and development  
26 regulations, the county may provide that these sections and regulations  
27 take effect January 1st of any year following the determination by the  
28 Washington center for real estate research.

29 (2) The year-long period measured by the Washington center for real  
30 estate research under subsection (1) of this section shall begin and  
31 end in the third quarter of the calendar year. The time period for  
32 which the ability to permit single-family residential development under  
33 subsection (1) of this section shall begin January 1st of the year  
34 following the determination by the Washington center for real estate  
35 research.

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