
SUBSTITUTE HOUSE BILL 2738

State of Washington 63rd Legislature 2014 Regular Session

By House Community Development, Housing & Tribal Affairs (originally sponsored by Representatives Haigh, Robinson, and Ryu)

READ FIRST TIME 02/05/14.

1 AN ACT Relating to promoting affordable housing in urban growth
2 areas; amending RCW 84.14.005, 84.14.007, 84.14.040, and 84.14.060; and
3 reenacting and amending RCW 84.14.010.

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

5 **Sec. 1.** RCW 84.14.005 and 2007 c 430 s 1 are each amended to read
6 as follows:

7 The legislature finds:

8 (1) That in many of Washington's urban centers and urban growth
9 areas there is insufficient availability of desirable and convenient
10 residential units, including affordable housing units, to meet the
11 needs of a growing number of the public who would live in these urban
12 centers and urban growth areas if these desirable, convenient,
13 attractive, affordable, and livable places to live were available;

14 (2) That the development of additional and desirable residential
15 units, including affordable housing units, in these urban centers and
16 urban growth areas that will attract and maintain a significant
17 increase in the number of permanent residents in these areas will help
18 to alleviate the detrimental conditions and social liability that tend

1 to exist in the absence of a viable mixed income residential population
2 and will help to achieve the planning goals mandated by the growth
3 management act under RCW 36.70A.020; and

4 (3) That planning solutions to solve the problems of urban sprawl
5 often lack incentive and implementation techniques needed to encourage
6 residential redevelopment in those urban centers or urban growth areas
7 lacking a sufficient variety of residential opportunities, and it is in
8 the public interest and will benefit, provide, and promote the public
9 health, safety, and welfare to stimulate new or enhanced residential
10 opportunities, including affordable housing opportunities, within urban
11 centers or urban growth areas through a tax incentive as provided by
12 this chapter.

13 **Sec. 2.** RCW 84.14.007 and 2012 c 194 s 1 are each amended to read
14 as follows:

15 It is the purpose of this chapter to encourage increased
16 residential opportunities, including affordable housing opportunities,
17 in cities and counties that are required to plan or choose to plan
18 under the growth management act within urban centers and urban growth
19 areas where the governing authority of the affected city or county has
20 found there is insufficient housing opportunities, including affordable
21 housing opportunities. It is further the purpose of this chapter to
22 stimulate the construction of new multifamily housing and the
23 rehabilitation of existing vacant and underutilized buildings for
24 multifamily housing in urban centers and urban growth areas having
25 insufficient housing opportunities that will increase and improve
26 residential opportunities, including affordable housing opportunities,
27 within these urban centers and urban growth areas. To achieve these
28 purposes, this chapter provides for special valuations in residentially
29 deficient urban centers and urban growth areas for eligible
30 improvements associated with multiunit housing, which includes
31 affordable housing. It is an additional purpose of this chapter to
32 allow certain counties to stimulate housing opportunities near college
33 campuses to promote dense, transit-oriented, walkable college
34 communities.

35 **Sec. 3.** RCW 84.14.010 and 2012 c 194 s 2 are each reenacted and
36 amended to read as follows:

1 (~~Unless the context clearly requires otherwise,~~) The definitions
2 in this section apply throughout this chapter unless the context
3 clearly requires otherwise.

4 (1) "Affordable housing" means residential housing that is rented
5 by a person or household whose monthly housing costs, including
6 utilities other than telephone, do not exceed thirty percent of the
7 household's monthly income. For the purposes of housing intended for
8 owner occupancy, "affordable housing" means residential housing that is
9 within the means of low or moderate-income households.

10 (2) "Campus facilities master plan" means the area that is defined
11 by the University of Washington as necessary for the future growth and
12 development of its campus facilities for branch campuses authorized
13 under RCW 28B.45.020.

14 (3) "City" means either (a) a city or town with a population of at
15 least fifteen thousand, (b) the largest city or town, if there is no
16 city or town with a population of at least fifteen thousand, located in
17 a county planning under the growth management act, or (c) a city or
18 town with a population of at least five thousand located in a county
19 subject to the provisions of RCW 36.70A.215.

20 (4) "County" means a county with an unincorporated population of at
21 least three hundred fifty thousand or a rural county as defined in RCW
22 82.14.370.

23 (5) "Governing authority" means the local legislative authority of
24 a city or a county having jurisdiction over the property for which an
25 exemption may be applied for under this chapter.

26 (6) "Growth management act" means chapter 36.70A RCW.

27 (7) "High cost area" means a county where the third quarter median
28 house price for the previous year as reported by the Washington center
29 for real estate research at (~~Washington State University~~) the
30 University of Washington is equal to or greater than one hundred thirty
31 percent of the statewide median house price published during the same
32 time period.

33 (8) "Household" means a single person, family, or unrelated persons
34 living together.

35 (9) "Low-income household" means a single person, family, or
36 unrelated persons living together whose adjusted income is at or below
37 eighty percent of the median family income adjusted for family size,
38 for the county where the project is located, as reported by the United

1 States department of housing and urban development. For cities located
2 in high-cost areas, "low-income household" means a household that has
3 an income at or below one hundred percent of the median family income
4 adjusted for family size, for the county where the project is located.

5 (10) "Moderate-income household" means a single person, family, or
6 unrelated persons living together whose adjusted income is more than
7 eighty percent but is at or below one hundred fifteen percent of the
8 median family income adjusted for family size, for the county where the
9 project is located, as reported by the United States department of
10 housing and urban development. For cities located in high-cost areas,
11 "moderate-income household" means a household that has an income that
12 is more than one hundred percent, but at or below one hundred fifty
13 percent, of the median family income adjusted for family size, for the
14 county where the project is located.

15 (11) "Multiple-unit housing" means a building having four or more
16 dwelling units not designed or used as transient accommodations and not
17 including hotels and motels. Multifamily units may result from new
18 construction or rehabilitated or conversion of vacant, underutilized,
19 or substandard buildings to multifamily housing.

20 (12) "Owner" means the property owner of record.

21 (13) "Permanent residential occupancy" means multiunit housing that
22 provides either rental or owner occupancy on a nontransient basis.
23 This includes owner-occupied or rental accommodation that is leased for
24 a period of at least one month. This excludes hotels and motels that
25 predominately offer rental accommodation on a daily or weekly basis.

26 (14) "Rehabilitation improvements" means modifications to existing
27 structures, that are vacant for twelve months or longer, that are made
28 to achieve a condition of substantial compliance with existing building
29 codes or modification to existing occupied structures which increase
30 the number of multifamily housing units.

31 (15) "Residential targeted area" means an area within an urban
32 center or urban growth area that has been designated by the governing
33 authority as a residential targeted area in accordance with this
34 chapter. With respect to designations after July 1, 2007, "residential
35 targeted area" may not include a campus facilities master plan.

36 (16) "Substantial compliance" means compliance with local building
37 or housing code requirements that are typically required for
38 rehabilitation as opposed to new construction.

1 (17) "Urban center" means a compact identifiable district where
2 urban residents may obtain a variety of products and services. An
3 urban center must contain:

4 (a) Several existing or previous, or both, business establishments
5 that may include but are not limited to shops, offices, banks,
6 restaurants, governmental agencies;

7 (b) Adequate public facilities including streets, sidewalks,
8 lighting, transit, domestic water, and sanitary sewer systems; and

9 (c) A mixture of uses and activities that may include housing,
10 recreation, and cultural activities in association with either
11 commercial or office, or both, use.

12 (18) "Urban growth area" has the same meaning as in RCW 36.70A.030.

13 **Sec. 4.** RCW 84.14.040 and 2012 c 194 s 4 are each amended to read
14 as follows:

15 (1) The following criteria must be met before an area may be
16 designated as a residential targeted area:

17 (a) The area must be within an urban center, as determined by the
18 governing authority, or within an urban growth area for purposes of (d)
19 of this subsection;

20 (b) The area must lack, as determined by the governing authority,
21 sufficient available, desirable, and convenient residential housing,
22 including affordable housing, to meet the needs of the public who would
23 be likely to live in the urban center or urban growth area, if the
24 affordable, desirable, attractive, and livable places to live were
25 available;

26 (c) The providing of additional housing opportunity, including
27 affordable housing, in the area, as determined by the governing
28 authority, will assist in achieving one or more of the stated purposes
29 of this chapter; and

30 (d) If the residential targeted area is designated by ((a-county)):

31 (i) A county with an unincorporated population of at least three
32 hundred fifty thousand, the area must be located in an unincorporated
33 area of the county that is within an urban growth area under RCW
34 36.70A.110 and the area must include a campus of an institution of
35 higher education, as defined in RCW 28B.92.030, where at least one
36 thousand two hundred students live on campus during the academic year;
37 or

1 (ii) A rural county as defined in RCW 82.14.370, the area must be
2 located in an unincorporated area of the county that is within an urban
3 growth area under RCW 36.70A.110.

4 (2) For the purpose of designating a residential targeted area or
5 areas, the governing authority may adopt a resolution of intention to
6 so designate an area as generally described in the resolution. The
7 resolution must state the time and place of a hearing to be held by the
8 governing authority to consider the designation of the area and may
9 include such other information pertaining to the designation of the
10 area as the governing authority determines to be appropriate to apprise
11 the public of the action intended.

12 (3) The governing authority must give notice of a hearing held
13 under this chapter by publication of the notice once each week for two
14 consecutive weeks, not less than seven days, nor more than thirty days
15 before the date of the hearing in a paper having a general circulation
16 in the city or county where the proposed residential targeted area is
17 located. The notice must state the time, date, place, and purpose of
18 the hearing and generally identify the area proposed to be designated
19 as a residential targeted area.

20 (4) Following the hearing, or a continuance of the hearing, the
21 governing authority may designate all or a portion of the area
22 described in the resolution of intent as a residential targeted area if
23 it finds, in its sole discretion, that the criteria in subsections (1)
24 through (3) of this section have been met.

25 (5) After designation of a residential targeted area, the governing
26 authority must adopt and implement standards and guidelines to be
27 utilized in considering applications and making the determinations
28 required under RCW 84.14.060. The standards and guidelines must
29 establish basic requirements for both new construction and
30 rehabilitation, which must include:

31 (a) Application process and procedures;

32 (b) Requirements that address demolition of existing structures and
33 site utilization; and

34 (c) Building requirements that may include elements addressing
35 parking, height, density, environmental impact, and compatibility with
36 the existing surrounding property and such other amenities as will
37 attract and keep permanent residents and that will properly enhance the

1 livability of the residential targeted area in which they are to be
2 located.

3 (6) The governing authority may adopt and implement, either as
4 conditions to eight-year exemptions or as conditions to an extended
5 exemption period under RCW 84.14.020(1)(a)(ii)(B), or both, more
6 stringent income eligibility, rent, or sale price limits, including
7 limits that apply to a higher percentage of units, than the minimum
8 conditions for an extended exemption period under RCW
9 84.14.020(1)(a)(ii)(B). For any multiunit housing located in an
10 unincorporated area of a county, a property owner seeking tax
11 incentives under this chapter must commit to renting or selling at
12 least twenty percent of the multifamily housing units as affordable
13 housing units to low and moderate-income households. In the case of
14 multiunit housing intended exclusively for owner occupancy, the minimum
15 requirement of this subsection (6) may be satisfied solely through
16 housing affordable to moderate-income households.

17 **Sec. 5.** RCW 84.14.060 and 2012 c 194 s 6 are each amended to read
18 as follows:

19 (1) The duly authorized administrative official or committee of the
20 city or county may approve the application if it finds that:

21 (a) A minimum of four new units are being constructed or in the
22 case of occupied rehabilitation or conversion a minimum of four
23 additional multifamily units are being developed;

24 (b) If applicable, the proposed multiunit housing project meets the
25 affordable housing requirements as described in RCW 84.14.020;

26 (c) The proposed project is or will be, at the time of completion,
27 in conformance with all local plans and regulations that apply at the
28 time the application is approved;

29 (d) The owner has complied with all standards and guidelines
30 adopted by the city or county under this chapter; and

31 (e) The site is located in a residential targeted area of an urban
32 center or urban growth area that has been designated by the governing
33 authority in accordance with procedures and guidelines indicated in RCW
34 84.14.040.

35 (2) An application may not be approved after July 1, 2007, if any

1 part of the proposed project site is within a campus facilities master
2 plan, except as provided in RCW 84.14.040(1)(d).

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