

# HOUSE BILL REPORT

## SHB 2538

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**As Passed House:**  
February 8, 2018

**Title:** An act relating to exempting impact fees for low-income housing development.

**Brief Description:** Exempting impact fees for low-income housing development.

**Sponsors:** House Committee on Community Development, Housing & Tribal Affairs (originally sponsored by Representatives McBride, Barkis, Appleton, Peterson, Springer, Slatter, Gregerson, Kagi, Wylie, Chapman, Senn, Stanford, Kloba and Santos).

**Brief History:**

**Committee Activity:**

Community Development, Housing & Tribal Affairs: 1/18/18, 1/24/18 [DPS].

**Floor Activity:**

Passed House: 2/8/18, 96-2.

**Brief Summary of Substitute Bill**

- Limits the definition of "development activity" to not include shelters for homeless and domestic violence victims for impact fee purposes.

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**HOUSE COMMITTEE ON COMMUNITY DEVELOPMENT, HOUSING & TRIBAL AFFAIRS**

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Ryu, Chair; Macri, Vice Chair; Barkis, Ranking Minority Member; McCabe, Assistant Ranking Minority Member; Jenkin, Reeves and Sawyer.

**Staff:** Travis Yonker (786-7383).

**Background:**

Counties that meet certain population thresholds are required to develop a comprehensive land-use plan to address a variety of elements relating to the impacts of economic and

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population growth. Counties that do not meet the population thresholds may also opt to develop such a plan.

Any county that is required, or otherwise opts, to create a comprehensive land-use plan is authorized to impose impact fees, through local ordinances, on development activities, as specified in such ordinances, to assist in the financing of system improvements to public facilities. "Development activity" is defined as any construction or expansion of a building or change in use of a building or land that creates additional demand for public facilities, except buildings constructed by a regional transit authority.

Local ordinances imposing impact fees may provide an exemption from such fees for low-income housing, and other unspecified development activities with "broad public purpose," in which case, the impact fees that otherwise would have been paid by the developer must be paid from other public funds. Low-income housing is defined as housing with a monthly rent capped at an amount equal to 30 percent of 80 percent of the county median family income. When a local ordinance exempts low-income housing from impact fees, it must be through one of the following mechanisms:

- a partial exemption up to 80 percent of the impact fee, in which case the exempted amount is not required to be paid from other public funds; or
- a full waiver beyond the allowed exemption amount (up to 80 percent), in which case the amount waived beyond the allowed exemption must be paid from other public funds.

#### **Summary of Substitute Bill:**

The definition of "development activity" does not include buildings or structures constructed as shelters that provide emergency housing for people experiencing homelessness, or emergency shelters for victims of domestic violence. As a result, the building of shelters is not subject to impact fees.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill contains an emergency clause and takes effect on April 1, 2018.

#### **Staff Summary of Public Testimony:**

(In support) This bill allows development of shelters without having to pay impact fees. This bill would allow for maximum investment into shelters. Developers would also be excused from paying impact fees for low-income housing, which is a big win for developers and cities. Lack of affordable housing is a critical problem. Anything that can be done to incentivize more affordable housing and shelters is good. Operating shelters saves the state money in a variety of ways; not having to pay impact fees will help expand such services.

(Opposed) There are concerns about raising the exemption from impact fees on low-income housing development from 80 percent to 100 percent. Growth was supposed to pay for growth. When there is development activity, there will be impact in the community that must

be paid for. There is concern that raising the exemption would end up spreading the cost of infrastructure improvements to the rest of the development industry. However, shelters should be exempt from impact fees.

**Persons Testifying:** (In support) Representative McBride, prime sponsor; and Amy Walen, City of Kirkland; Tamaso Johnson, Washington State Coalition Against Domestic Violence; and Robert VanTassell, Catholic Housing Services of Western Washington.

(Opposed) Steve Gano, Building Industry Association of Washington.

**Persons Signed In To Testify But Not Testifying:** None.