

HOUSE BILL REPORT

SB 5312

As Reported by House Committee On:

Environment & Energy
Appropriations

Title: An act relating to facilitating transit-oriented development and increasing housing inventory.

Brief Description: Facilitating transit-oriented development and increasing housing inventory.

Sponsors: Senators Mullet, Lias and Van De Wege.

Brief History:

Committee Activity:

Environment & Energy: 3/11/21, 3/19/21 [DPA];
Appropriations: 3/30/21, 3/31/21 [DPA(ENVI)].

Brief Summary of Bill
(As Amended By Committee)

- Authorizes the use of appropriations to the Growth Management Planning and Environmental Review Fund to fund grants to cities to pay for certain planning-related costs related to transit-oriented development, including subarea plans and environmental impact statements.
- Requires the Department of Commerce to prioritize applications for grants to facilitate transit-oriented development to maximize certain specified objectives in the area covered by the grant proposal.
- Changes the date, from April 1, 2021, to April 1, 2025, by which cities must take certain actions related to increasing housing supply in order to be eligible to apply to the Department of Commerce for planning grants from the Growth Management Planning and Environmental Review Fund.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

HOUSE COMMITTEE ON ENVIRONMENT & ENERGY

Majority Report: Do pass as amended. Signed by 10 members: Representatives Fitzgibbon, Chair; Duerr, Vice Chair; Klicker, Assistant Ranking Minority Member; Abbarno, Berry, Goehner, Harris-Talley, Ramel, Shewmake and Slatter.

Minority Report: Do not pass. Signed by 1 member: Representative Dye, Ranking Minority Member.

Minority Report: Without recommendation. Signed by 1 member: Representative Boehnke.

Staff: Robert Hatfield (786-7117).

Background:

Growth Management Planning and Environmental Review Fund.

The Growth Management Planning and Environmental Review Fund exists to make grants to assist counties and cities planning fully under the Growth Management Act (GMA) in preparing the State Environmental Policy Act environmental analyses that are integrated with comprehensive plans or subarea plans and development regulations. A county or city must be making substantial progress toward compliance with the GMA to be eligible for a grant. A city that is planning to take at least two of a specified set of actions to increase residential building capacity by April 1, 2021, is eligible to apply for a grant of up to \$100,000 from the Department of Commerce to support planning and outreach efforts.

Summary of Amended Bill:

Appropriations to the Growth Management Planning and Environmental Review Fund for the purpose of grants to cities to facilitate transit-oriented development may be used to pay for the costs associated with the preparation of State Environmental Policy Act (SEPA) environmental impact statements, planned action ordinances, subarea plans, costs associated with the utilization of other tools under the SEPA, and the costs of local code adoption and implementation of such efforts. Grant awards may only fund efforts that address environmental impacts and consequences, alternatives, and mitigation measures in sufficient detail to allow the analysis to be adopted in whole or in part by applicants for development permits within the geographic area analyzed in the plan.

The Department of Commerce must prioritize applications for grants to facilitate transit-oriented development that maximize certain policy objectives in the area covered by a proposal, including, among others:

- the total number of housing units authorized for new development;

- the proximity and quality of transit access in the area; and
- plans designed to maximize and increase the variety of allowable housing types and expected sale or rental rates.

Transit access, for purposes of the grants described above, includes walkable access to: light rail and other fixed guideway rail systems; bus rapid transit; high frequency bus service; or park and ride lots.

A city that is planning to take at least two of a specified set of actions to increase residential building capacity by April 1, 2025, is eligible to apply for a grant of up to \$100,000 from the Department of Commerce to support planning and outreach efforts.

Amended Bill Compared to Original Bill:

The date is changed, from April 1, 2021, to April 1, 2025, by which cities must take certain actions related to increasing housing supply in order to be eligible to apply to the Department of Commerce for planning grants.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Environmental review is often an expensive and time-consuming process. Under this bill, if a development is within a mile of a transit hub, it is eligible to apply for a grant to cover some of the environmental review costs.

This bill creates city centers that encourage active transportation by locating housing near jobs and other amenities. It supports regional climate goals. It also supports equity and affordability goals by allowing people to not need to own their own personal vehicle. Funding from the bill will help to draft the upfront development regulations that enable vibrant city centers.

The policy in the bill incentivizes more dense development by having cities help pay for environmental review and mitigation. This proposal keeps planning and land use decisions at the local level, which is critical. The bill also helps alleviate some of the harms that stem from a broken tax structure. There needs to be a combination of funding from multiple sources to make some of the larger housing projects work.

This bill is a critical step in the process that lets local governments do the environmental review up front. Under this bill, the local government bears the risk, time, and expense, as opposed to the private developer. It is difficult for cities to find the financing on their own to do this work.

(Opposed) None.

(Other) The bill represents a powerful set of tools that will significantly impact housing affordability and reduction of greenhouse gases. Implementation of this bill would complement housing actions already underway thanks to the passage of House Bill 1923 in 2019. House Bill 1923 set a hard deadline for cities to apply for planning grants; it would be useful to eliminate that deadline so that grant funding could continue and complement the development contemplated under this bill.

Persons Testifying: (In support) Senator Mullet, prime sponsor; Dani Madrone, Olympia City Council; Mary Lou Pauly, City of Issaquah; Alex Hur, Master Builders Association of King and Snohomish Counties; and Carl Schroeder, Association of Washington Cities.

(Other) Dave Andersen, Department of Commerce.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass as amended by Committee on Environment & Energy. Signed by 23 members: Representatives Ormsby, Chair; Bergquist, Vice Chair; Gregerson, Vice Chair; Macri, Vice Chair; Stokesbary, Ranking Minority Member; Chambers, Assistant Ranking Minority Member; Chopp, Cody, Dolan, Fitzgibbon, Frame, Hansen, Harris, Jacobsen, Johnson, J., Lekanoff, Pollet, Ryu, Senn, Springer, Stonier, Sullivan and Tharinger.

Minority Report: Do not pass. Signed by 2 members: Representatives Dye and Schmick.

Minority Report: Without recommendation. Signed by 8 members: Representatives Corry, Assistant Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Boehnke, Caldier, Chandler, Hoff, Rude and Steele.

Staff: Jessica Van Horne (786-7288).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Environment & Energy:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Creating a transit-oriented development grant program will incentivize dense development around transit, particularly by helping local governments pay for planning costs. Several local jurisdictions around the state are currently engaged in complex projects that could greatly benefit residents by increasing housing around anticipated transit hubs, such as light rail stations. These projects will help address housing affordability and climate change. Certain aspects of the planning process, such as changing zoning regulations, can result in public opposition and require intense public engagement in order to be successful. The grants that are proposed in the bill will help jurisdictions plan, increase public engagement, and access technical assistance. It will continue current successful partnerships between the state and local governments in maximizing the benefit of state investments in transit. The success of the program will depend on the consistency and availability of grants. Cities and builders appreciate the amendment that extends the deadline by which cities must complete certain actions in order to access grant funding, as many local governments have seen delays due to the pandemic.

(Opposed) None.

Persons Testifying: Mary Lou Pauly, City of Issaquah; Cynthia Stewart, League of Women Voters of Washington; Kelli Curtis, City of Kirkland; and Alex Hur, Master Builders Association of King and Snohomish Counties.

Persons Signed In To Testify But Not Testifying: None.