

SENATE BILL REPORT

SB 5312

As Passed Senate, January 12, 2022

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, Liias and Van De Wege.

Brief History:

Committee Activity: Housing & Local Government: 1/27/21, 2/04/21 [DP].

Floor Activity: Passed Senate: 2/16/21, 44-3; 1/12/22, 48-0.

Brief Summary of Bill

- Provides that 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 SEPA environmental impact statements, planned action ordinances, subarea plans, costs associated with the utilization of other tools under SEPA, and the costs of local code adoption and implementation of such efforts.
- Requires the Department of Commerce to prioritize applications for grants to facilitate transit-oriented development that maximize density and transit access-related policy objectives.

SENATE COMMITTEE ON HOUSING & LOCAL GOVERNMENT

Majority Report: Do pass.

Signed by Senators Kuderer, Chair; Das, Vice Chair; Fortunato, Ranking Member; Gildon, Assistant Ranking Member; Short, Assistant Ranking Member; Cleveland, Lovelett, Salomon and Warnick.

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.

Staff: Maggie Douglas (786-7279)

Background: The Department of Commerce (Commerce) provides management services for the Growth Management Planning and Environmental Review Fund. A grant or loan may be awarded to certain counties or cities required to or choosing to plan under the Growth Management Act (GMA) to assist in paying for the cost of preparing an environmental analysis under the State Environmental Policy Act (SEPA) that is integrated with a comprehensive plan, subarea plan, plan element, countywide planning policy, development regulation, monitoring program, or other planning activity adopted under or implementing that:

- improves the process for project permit review while maintaining environmental quality; or
- encourages use of plans and information developed for purposes of complying with the GMA to satisfy requirements of other state programs.

In order to qualify for a grant or loan, a county or city must:

- demonstrate that it will prepare a SEPA environmental analysis that is integrated with a comprehensive plan, subarea plan, plan element, countywide planning policy, development regulations, monitoring program, or other planning activity adopted under or implementing the GMA;
- 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;
- demonstrate that procedures for review of development permit applications will be based on the integrated plans and environmental analysis;
- include mechanisms to monitor the consequences of growth as it occurs in the plan area and to use the resulting data to update the plan, policy, or implementing mechanisms and associated environmental analysis;
- demonstrate substantial progress towards compliance with the requirements of the GMA—a county or city that is more than six months out of compliance with GMA requirements is deemed not to be making substantial progress towards compliance; and
- provide local funding, which may include financial participation by the private sector.

In awarding grants or loans, Commerce must give preference to proposals that include one or more of the following elements:

- financial participation by the private sector, or a public/private partnering approach;
- identification and monitoring of system capacities for elements of the built environment, and to the extent appropriate, of the natural environment;
- coordination with state, federal, and tribal governments in project review;
- furtherance of important state objectives related to economic development, protection of areas of statewide significance, and siting of essential public facilities;
- programs to improve the efficiency and effectiveness of the permitting process by greater reliance on integrated plans and prospective environmental analysis;

- programs for effective citizen and neighborhood involvement that contribute to greater likelihood that planning decisions can be implemented with community support;
- programs to identify environmental impacts and establish mitigation measures that provide effective means to satisfy concurrency requirements and establish project consistency with the plans; or
- environmental review that addresses the impacts of increased density or intensity of comprehensive plans, subarea plans, or receiving areas designated by a city or town under the regional transfer of development rights program.

If the local funding includes funding provided by other state functional planning programs, including open space planning and watershed or basin planning, the functional plan must be integrated into and be consistent with the comprehensive plan.

State agencies must work with grant or loan recipients to facilitate state and local project review processes that will implement the projects receiving grants or loans.

Summary of 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 SEPA environmental impact statements, planned action ordinances, subarea plans, costs associated with the utilization of other tools under 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.

Commerce must prioritize applications for grants to facilitate transit-oriented development that maximize the following policy objectives in the area covered by a proposal:

- the total number of housing units authorized for new development;
- the proximity and quality of transit access in the area;
- plans that authorize up to six stories of building height;
- plans that authorize ground floor retail with housing above;
- plans in areas that minimize or eliminate on-site parking requirements;
- existence or establishment of incentive zoning, mandatory affordability, or other tools to promote low-income housing in the area;
- plans that include dedicated policies to support public or nonprofit funded low-income or workforce housing; and
- plans designed to maximize and increase the variety of allowable housing types and expected sale or rental rates.

For purposes of this section, "transit access" includes walkable access to light rail and other

fixed guideway rail systems; bus rapid transit; high frequency bus service; or park and ride lots.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony: PRO: We have increased investment in the Housing Trust Fund but I want to make sure we have more private dollars invested in housing. The point of this bill is to create a \$10 million fund to provide grants to cities who want to provide and pay for SEPA around a transit zone to speed up the permitting process. This bill will create incentives to get more affordable housing units in these buildings. If we can pay for and perform the environmental process then the development that follows can avoid an individual SEPA review if they are consistent with the original plan. This is the exact type of policy—one that promotes more intense development, particularly around transit—we are hoping for. This bill keeps planning and zoning on the local level.

Persons Testifying: PRO: Senator Mark Mullet, Prime Sponsor; Mary Lou Pauly, Mayor, City of Issaquah; Carl Schroeder, Association of Washington Cities.

Persons Signed In To Testify But Not Testifying: No one.