

SENATE BILL REPORT

SB 5964

As Reported by Senate Committee On:
Housing & Local Government, February 3, 2022
Ways & Means, February 7, 2022

Title: An act relating to consolidated local permit review processes.

Brief Description: Concerning consolidated local permit review processes.

Sponsors: Senators Mullet, Kuderer, Gildon and Saldaña.

Brief History:

Committee Activity: Housing & Local Government: 2/02/22, 2/03/22 [DP-WM].
Ways & Means: 2/05/22, 2/07/22 [DPS].

Brief Summary of First Substitute Bill

- Requires a local government to exempt project permits for interior alterations from site plan review under certain conditions.
- Establishes a consolidated permit review grant program for local governments to issue final decisions for residential permit applications within specified time frames.
- Creates a grant program to support local governments' transitions from a paper permit filing system to software systems capable of processing digital permit applications.
- Requires the Department of Commerce to convene a temporary work group to study potential statewide license and permitting software for local governments to streamline existing permit review processes.

SENATE COMMITTEE ON HOUSING & LOCAL GOVERNMENT

Majority Report: Do pass and be referred to Committee on Ways & Means.

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.

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

Staff: Maggie Douglas (786-7279)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5964 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Capital; Robinson, Vice Chair, Operating & Revenue; Wilson, L., Ranking Member; Brown, Assistant Ranking Member, Operating; Schoesler, Assistant Ranking Member, Capital; Honeyford, Ranking Minority Member, Capital; Billig, Braun, Carlyle, Conway, Dhingra, Gildon, Hasegawa, Hunt, Keiser, Mullet, Muzzall, Pedersen, Rivers, Van De Wege, Wagoner, Warnick and Wellman.

Staff: Trevor Press (786-7446)

Background: Project Permit Process. Cities and counties choosing to plan under the Growth Management Act (GMA) must establish an integrated and consolidated development permit process for all projects involving two or more permits and provide for no more than one open record hearing and one closed record appeal. Other jurisdictions not planning under the GMA may incorporate some or all of the integrated and consolidated development permit process.

Local governments must issue a determination of completeness of the project permit application within 28 days of submission. A project permit application is complete when it meets the local procedural submission requirements even if additional information is needed because of subsequent project modifications. Within 14 days of receiving requested additional information, the local government must notify the applicant whether the application is complete.

The determination of completeness does not preclude a request for additional information if new information is required or substantial project changes occur. A project permit application is complete if the GMA jurisdiction does not provide the determination within the required time period.

For some types of development proposals, such as building plans or proposed land subdivisions, the current set of local regulations vest to that proposed project only after its application is deemed complete by the local permit staff. A determination of completeness starts the state-mandated, 120-day deadline within which local governments are required to review and make a decision on many types of development proposals.

Project Review—Required Elements. A proposed project must be consistent with a local

government's development regulations, or in the absence of applicable regulations, the adopted comprehensive plan. Applicable regulations must be determinative of the following:

- type of land use permitted at the site, including uses that may be allowed under certain circumstances;
- density of residential development in urban growth areas; and
- availability and adequacy of public facilities identified in the comprehensive plan or development regulations.

A local government or subsequent reviewing body may not reexamine alternatives to or hear appeals regarding the validity of applicable regulations unless it concerns issues of code interpretations.

Site Plan Review. A local government may require a binding site plan to be included with any permit application prior to the issuance of construction permits. The site plan may include a description of physical details that relate to the site and the type of use proposed, including landscaping, design, parking location, and other site-specific issues. A site plan provides exact locations and detail for the type of information appropriately addressed as a part of property division, such as infrastructure, certification, and other requirements of typical subdivisions.

The review of a site plan must include a preapplication conference, conceptual review, public participation meeting, design guidance review, and a final design review and recommendation. A site plan may be subject to review by the local public health district, city engineering department, or the local planning commission.

Summary of Bill (First Substitute): Project permit applications for interior alterations must be exempt from site plan review under the condition that the interior alterations do not result in additional sleeping quarters, nonconformity with federal emergency management agency substantial improvement thresholds, or increase the total square footage or valuation of the structure, which would all require upgraded fire access or fire suppression systems. Any interior alteration may not modify the existing site layout, current use, or building footprint.

The Department of Commerce (Commerce) must establish a consolidated permit review grant program for eligible local governments and is appropriated \$40 million from the state general fund for this purpose. Prior to receiving a grant, a local government must commit to issuing final permit application decisions within 45 business days or 90 calendar days, and establish an application fee structure that would allow the jurisdiction to continue providing consolidated permit review within the same time frame.

A local government may use the grant moneys to contract with a third-party business to conduct consolidated permit review or to provide additional inspection staff. Any jurisdiction that is awarded moneys under this program must provide a quarterly report to

Commerce, detailing the jurisdiction's average and maximum time for permit review during its participation in the grant program.

Commerce must also establish a grant program for local governments to update their permit review process from paper filing systems to software systems capable of processing digital permit applications, virtual inspections, electronic review, and capacity for video storage.

Commerce must also convene a digital permitting process work group to examine a potential statewide license and permitting software for local governments to encourage streamlined and efficient permit review. The work group must include cities, counties, building industries, and building officials and provide a final report to the Legislature by August 2023.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (First Substitute):

- Exempts interior alterations that do not increase the total square footage or valuation of the structure from site plan review.
- Defines use of a residential permit for the purpose of the consolidated permit review grant program.
- Requires the Department of Commerce to appoint members representing building officials to the digital permitting process work group.
- Removes all appropriations.

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 on Original Bill (Housing & Local Government):

PRO: This bill will help streamline local permit process reviews and create more efficient systems for permitting. This proposal meets some of the feedback received from builders, contractors, and local governments and identifies compromises that cities and builders have worked to establish over several years. We need to do basic updates of transitioning paper permitting to software systems and the grant program included in the bill will help local jurisdictions get there. There is a real need for modernization of permit review, especially in smaller jurisdictions, and this bill makes that possible. This bill strikes a nice balance of incentivizing local jurisdictions to cut down on permit timelines while maintaining public safety and encouraging housing preservation through site plan review exemption. By reducing permit timelines, overall home prices will be reduced.

OTHER: This bill is different than many of the other permit streamline bills that have been presented over the years in the sense that it provides financial incentives to meet permit timeline reduction. One area we need to see clarified is whether the consolidated permit review grant applies to all kinds of residential homes, or specific types of residential homes. We also want clarification on the requirements for digital permit software with regards to the grant opportunity, as well as outsource review standards.

Persons Testifying (Housing & Local Government): PRO: Senator Mark Mullet, Prime Sponsor; Jan Himebaugh, Building Industry Association of Washington; Paul Jewell, Washington State Association of Counties; Nathan Gorton, Washington REALTORS; Carl Schroeder.

OTHER: Tim Woodard, Washington Association of Building Officials.

Persons Signed In To Testify But Not Testifying (Housing & Local Government): No one.

Staff Summary of Public Testimony on Original Bill (Ways & Means): *The committee recommended a different version of the bill than what was heard.* PRO: The goal of this bill is to make housing more affordable. This bill helps free up some of the permits that need review. The grants that are mentioned in the bill will help reduce the backlog of permits. This bill is needed to address the housing cost and availability crisis.

Persons Testifying (Ways & Means): PRO: Bill Stauffacher, Building Industry Association of Washington.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.