

SENATE BILL REPORT

SB 5421

As of February 6, 2025

Title: An act relating to allowing small business establishments in residential zones.

Brief Description: Allowing small business establishments in residential zones.

Sponsors: Senators Shewmake, Wilson, J., Bateman, Chapman, Frame, Hasegawa and Nobles.

Brief History:

Committee Activity: Local Government: 2/06/25.

Brief Summary of Bill

- Requires a city, town, or code city to allow neighborhood businesses to be permitted in any zone allowing residential uses under certain conditions.
- Provides that a city, town, or code city may adopt regulations governing reasonable limits on specific aspects of neighborhood businesses to ensure compatibility with surrounding residential areas.

SENATE COMMITTEE ON LOCAL GOVERNMENT

Staff: Karen Epps (786-7424)

Background: The Growth Management Act (GMA) is the comprehensive land use planning framework for counties and cities in Washington. The GMA establishes land use designation and environmental protection requirements for all Washington counties and cities. The GMA also establishes a significantly wider array of planning duties for 28 counties, and the cities within those counties, that are obligated to satisfy all planning requirements of the GMA.

The GMA directs fully planning jurisdictions to adopt internally consistent comprehensive

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land-use plans. Comprehensive plans are implemented through locally adopted development regulations, and both the plans and the local regulations are subject to review and revision requirements prescribed in the GMA.

Development regulations include controls placed on development or land use activities by a county or city, including zoning ordinances, critical areas ordinances, planned unit development ordinances, subdivision ordinances, and binding site plan ordinances. A county or city adopts zoning ordinances to designate land in various zones for residential, commercial, and industrial purposes and to protect critical areas and other sensitive areas within the county or city.

Residential zones include land that is permitted for residential use. Residential zones may allow single-family residences and multi-family residences.

Summary of Bill: A city, town, or code city must allow neighborhood businesses to be permitted in any zone allowing residential uses, provided that the total gross floor area of the neighborhood business does not exceed specified maximum limits and the neighborhood business does not have drive-through facilities.

Cities, towns, and code cities may adopt regulations governing specific aspects of neighborhood businesses to ensure compatibility with surrounding residential areas, including reasonable limits related to:

- the hours of operation, as long as at least 12 hours of continuous operation is allowed, to minimize noise and disruption;
- mitigation of noise levels during certain hours;
- the size, type, and placement of signage;
- the timing and routing of deliveries;
- means of egress for vehicle traffic to minimize congestion and ensure safety; and
- the sale and consumption of alcohol by neighborhood businesses.

Neighborhood business means any of the following:

- an establishment that serves a limited menu of food items that may include alcohol, and has at least 500 square feet of gross floor area, not exceeding 2000 square feet, and where outdoor seating is limited to no more than 30 percent of the gross floor area;
- a retail establishment primarily engaged in the sale of groceries, household goods, or locally produced products, with a gross floor area not exceeding 10,000 square feet;
- a facility licensed by the Department of Children, Youth, and Families to provide regular early childhood education and early learning services for a licensed capacity to serve no more than 45 children for periods of less than 24 hours and meets the square footage requirements based on licensed capacity. The Department of Children, Youth, and Families may adopt rules to implement neighborhood-based childcare programs and may waive or adapt licensing requirements when necessary to allow for the operation of such neighborhood-based early learning programs; or

- a business providing professional services, such as accounting, legal, massage therapy, social work, or consulting services, with no more than three full-time equivalent employees and generating minimal noise or traffic.

Appropriation: None.

Fiscal Note: Requested on February 2, 2025.

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: This bill is based off local walkable neighborhoods with cafes, corner stores, childcare facilities that might not be able to be permitted in the neighborhood today. This bill is designed to create a community where people walk around the neighborhood, going to appointments, and doing things nearby in a community-centric fashion. This bill will make more livable neighborhoods. People deserve local businesses near them, especially places to gather, for childcare, and to have easy access to food and groceries. Requiring cities to permit these kinds of activities, while including reasonable rules around noise and access, is a good compromise.

CON: These types of decisions should be made at a local level. This bill could lead to residential homes along busy streets being converted to commercial, drastically changing the character of those streets and could have an impact on available housing.

OTHER: There are areas of the bill that need to be addressed with an amendment, such as language around what is a limited menu. The bill could be amended to lower the square foot threshold for retail spaces. The bill is an incredible opportunity for entrepreneurs to come into residential neighborhoods and create walkable communities, 10,000 square feet is a little large and there is support to reduce that threshold. Allowing businesses into residential areas would have some unintended consequences of weakening commercial areas. The bill could be amended to limit the application to certain residential zones or exempt residential zones within a three-mile radius of a commercial zone. This bill could inadvertently cause problems for existing uses that cities are already allowing and that should be avoided.

Persons Testifying: PRO: Senator Sharon Shewmake, Prime Sponsor; Mark Johnson, Washington Retail Association; Wes Mills.

CON: Ryan Windish, City of Sumner.

OTHER: Katie Beeson, Washington Food Industry Association (WFIA); Sean DeWitz, Washington Hospitality Association; Carl Schroeder, Association of Washington Cities; Salina Lyons, City of Covington.

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