

SENATE BILL REPORT

SB 5497

As of February 4, 2025

Title: An act relating to compliance with siting, development permit processes and standards, and requirements for permanent supportive housing, transitional housing, indoor emergency housing, or indoor emergency shelters.

Brief Description: Concerning compliance with siting, development permit processes and standards, and requirements for permanent supportive housing, transitional housing, indoor emergency housing, or indoor emergency shelters.

Sponsors: Senators Alvarado, Bateman, Nobles, Saldaña, Trudeau, Wellman and Wilson, C..

Brief History:

Committee Activity: Housing: 2/05/25.

Brief Summary of Bill

- Requires a city or county to use an administrative process for reviewing and approving a project permit application for indoor emergency shelters, transitional housing, indoor emergency housing, or permanent supportive housing (STEP housing).
- Requires the Department of Commerce (Commerce) to facilitate the resolution of disputes between a city or county and a project applicant or developer of STEP housing.
- Authorizes Commerce to issue a finding of noncompliance if dispute resolution is unsuccessful and the city or county has denied a project permit or development agreement, or enacted a zoning ordinance or development regulations, that prevent the siting of STEP housing.

SENATE COMMITTEE ON HOUSING

Staff: Benjamin Omdal (786-7442)

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.

Background: Transitional Housing and Permanent Supportive Housing. A city may not prohibit indoor emergency shelters, transitional housing, indoor emergency housing, or permanent supportive housing (STEP housing) in certain zones as follows:

- a city may not prohibit transitional housing or permanent supportive housing in any zone where residential dwelling units or hotels are allowed; and
- a city may not prohibit indoor emergency shelters or indoor emergency housing in any zone where hotels are allowed, unless the city has adopted an ordinance authorizing indoor emergency shelters and indoor emergency housing in a majority of zones within a one-mile proximity to transit.

A city may impose, by ordinance, reasonable occupancy, spacing, and intensity of use requirements on STEP housing for public health and safety purposes. Requirements may not prevent the siting of a sufficient amount of STEP housing to accommodate each city's projected need under its comprehensive plan.

Dispute Resolution. The 2023-25 Supplemental Operating Budget provided funding for the Department of Commerce (Commerce) to provide dispute resolution services to help resolve disputes between local governments and service providers attempting to site supportive housing and emergency housing facilities. By March 1, 2025, Commerce must report to the Legislature on the status of any disputes resolved.

Design Review. Design review is a formally adopted local government process by which projects are reviewed for compliance with design standards for the type of use adopted through local ordinance. Design review focuses on the appearance of new construction, site planning, and items such as landscaping, signage, and other aesthetic issues.

Administrative design review is a type of design review in which a project is reviewed, approved, or denied by the planning director or the planning director's designee. Administrative design review is based solely on objective design and development standards and is generally conducted without a public hearing.

Summary of Bill: Siting of Shelters, Transitional Housing, Emergency Housing, and Permanent Supportive Housing. The comprehensive plan or development regulations of a city or county fully planning under the Growth Management Act may not deny or preclude a permit application for STEP housing. A city or county must approve any permit application for STEP housing using an administrative process only.

If a permit applicant is unable to site STEP housing due to a city or county's comprehensive plan or development regulations, the applicant may seek a waiver from the requirements. The permit application must describe any local permit processes, development standards, or permit conditions that the applicant asserts would deny or preclude the siting, construction, or operation of STEP housing. If the permit applicant and the city or county disagree about the preclusive effect, either party may seek dispute resolution services through Commerce.

Dispute Resolution. Commerce must provide services to facilitate the timely resolution of disputes between a city or county and either: (1) an applicant seeking a project permit or development agreement to site or construct STEP housing, or (2) a developer alleging that a city or county's zoning ordinance or development regulations prevent or preclude the siting of STEP housing. A city, county, applicant, or developer may request dispute resolution services from Commerce.

If dispute resolution is unsuccessful, the city or county must submit the project permit application, any development agreement, any zoning ordinance and related development regulations, and any other relevant documents to Commerce for review. The city or county must also submit a statement of:

- the reason for any denial, rescission, or conditions of approval;
- the requirements necessary to fulfill the development agreement or development regulations; or
- how the adopted ordinance and development regulations comply with requirements to allow the siting of STEP housing.

If Commerce finds that a zoning ordinance, development agreement, or final decision violates requirements to allow the siting of STEP housing, Commerce must reverse the city or county's final decision and return it for corrective action within 60 days. Commerce's final decision and any corrective action required are exempt from appeal under the Land Use Petition Act or the Growth Management Hearings Board.

If a city or county fails to take corrective action within 60 days of Commerce's determination of noncompliance, Commerce must notify the State Treasurer. Upon notification, the State Treasurer must withhold the following revenues from the city or county: the motor vehicle fuel tax, the transportation improvement account, the rural arterial trust account, the local sales and use tax, the liquor profit tax, and the liquor excise tax. The State Treasurer must resume distributions of withheld revenues when the city or county issues the project permit application or amends its zoning ordinance and related development regulations.

An applicant submitting a project permit application, a development agreement, or other documents for STEP housing may submit a copy of the documents to Commerce or request Commerce's review of any denial, rescission, or conditions for approval by a city or county.

Design Review. A city must process a permit application for STEP housing under an administrative design review process.

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.