

SENATE BILL REPORT

SB 5587

As of February 26, 2025

Title: An act relating to affordable housing development in counties not closing the gap between estimated existing housing units within the county and existing housing needs.

Brief Description: Concerning affordable housing development in counties not closing the gap between estimated existing housing units within the county and existing housing needs.

Sponsors: Senators Cleveland, Nobles and Orwall.

Brief History:

Committee Activity: Housing: 2/07/25, 2/14/25 [DPS-WM].
Ways & Means: 2/26/25.

Brief Summary of First Substitute Bill

- Requires the biennial housing report from the Washington Center for Real Estate Research to include an analysis of estimated existing housing units and needs, as well as county progress in meeting certain housing goals.
- Adds infill development or any other increase in affordable housing as a prioritization factor for the Public Works Board.

SENATE COMMITTEE ON HOUSING

Majority Report: That Substitute Senate Bill No. 5587 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Bateman, Chair; Alvarado, Vice Chair; Goehner, Ranking Member; Gildon, Orwall, Salomon and Trudeau.

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.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Michele Alishahi (786-7433)

Background: Washington Center for Real Estate Research. The Washington Center for Real Estate Research (WCRER) is responsible for publishing biennial reports that include housing supply and affordability metrics for each fully planning city with a population of 10,000 or more.

The Legislature required the October 2024 report, and every biennial report thereafter, to include:

- criteria relating to income, employment, housing and rental prices, housing affordability by housing tenure, and other metrics relevant to assessing housing supply and affordability for all income segments;
- city-specific median income data for cities implementing the multifamily tax exemption program;
- analysis of the private rental housing market for each area outlining the number of units, vacancy rates, and rents by unit type, where possible;
- data from the Washington State Housing Finance Commission on subsidized housing in the area;
- data relating to actions taken to increase urban residential building capacity, as well as detailed information on development regulations, levies and fees, and zoning related to housing development; and
- data relating to buildable lands reports and updates to comprehensive plans.

Public Works Board. The Public Works Board is responsible for developing a process to prioritize applications and funding of loans and grants for public works projects submitted by local governments. Applications for funding may be prioritized based upon several factors, including whether the project meets certain objectives, including whether the project is critical in nature and would affect the health and safety of many people.

Summary of Bill (First Substitute): The Washington Center for Real Estate Research Report. In addition to existing report requirements, the report completed by October 15, 2026, and every biennial report thereafter, must include:

- an analysis of the estimated housing units and existing housing needs within each county at particular income levels;
- each county's progress in closing the gap between estimated existing housing units within the county and existing housing needs; and
- each county's progress in meeting emergency housing, emergency shelters, and permanent supportive housing needs with the county.

The income levels of the analysis are as follows:

- 0 to 30 percent of the area median income (AMI);
- 30 to 50 percent AMI;

- 50 to 80 percent AMI;
- 80 to 100 percent AMI;
- 100 to 120 percent AMI; and
- greater than 120 percent AMI.

Alternative thresholds may be used if a county's estimated existing housing units, existing housing needs, or both, cannot be determined at the above income levels or at the individual county level due to insufficient data.

Public Works Board. An additional factor is added to the list of factors that the Public Works Board (Board) may consider when prioritizing projects. The Board may consider whether the project encourages infill development or any other increase in affordable housing units in counties identified by the WCRER report as having a gap between estimated existing housing units and existing housing needs that has not decreased from the preceding year.

EFFECT OF CHANGES MADE BY HOUSING COMMITTEE (First Substitute):

- Removes provisions relating to prohibiting the denial of an affordable housing development.
- Allows alternative data thresholds to be used in the housing report if there is insufficient data.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 15, 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 on Original Bill (Housing): *The committee recommended a different version of the bill than what was heard.* PRO: The Legislature has taken decisive and important decisions in meeting the housing needs of the state. There needs to be tracking and collection of meaningful data to see if the state is meeting its goals of increasing affordable housing supply across the state. The aims of the bill are a worthy pursuit. Engaging WCRER will help to effectively target housing issues. We must pull every level available to us to address the housing and homelessness crises. The bill raises the floor for everyone, ensuring that every community in Washington is contributing to the solution. Young families need options of affordable housing; the types of starter homes that were available to previous generations are not being built today. Major metropolitan areas are burdened with housing issues, stifling innovation across the state. Many societal problems, including homelessness, addiction, and suicide are byproducts of housing issues. It is difficult to serve underserved populations when they are living in vehicles or tents.

Many deserving families are left out of the current affordable housing system due to housing unavailability.

OTHER: Levels of affordability reach beyond the income levels analyzed under the bill. Addressing the housing supply is a goal of counties across the state. The bill as written seems to force counties to allow developments in areas that they are not zoned for.

Persons Testifying (Housing): PRO: Senator Annette Cleveland, Prime Sponsor; Matt Dittrich; Patrick Quinton, City of Vancouver; Richard Kubinieć; Mary Hull-Drury, Washington Realtors; Donna Sinclair, Clark County Democrats.

OTHER: Bill Stauffacher, Building Industry Association of Washington; Curtis Steinhauer, Washington State Association of Counties.

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

Staff Summary of Public Testimony (Ways & Means): PRO: The housing gap study described in the bill would be a helpful data point in addressing housing needs. We cannot fix what we do not measure. This bill gives us a dynamic way of looking at data for cities within a region. Gathering data on which homes are being built is imperative to know which types of homes we are not building. There is an urgent need to address homelessness as young people do not believe they can be homeowners. At any given night, over 16,000 individuals experience homelessness in King County. The funding incentives in this bill will encourage housing being built.

Persons Testifying (Ways & Means): PRO: Hector Hinojosa; Donna Sinclair, Clark County Democrats; Evan Randall; Curtis Steinhauer, Washington State Association of Counties; BRIAN ENSLOW, City of Vancouver.

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