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## Housing Committee

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### HB 1611

**Brief Description:** Concerning local government permitting.

**Sponsors:** Representatives Reed, Hutchins, Fosse and Macri.

**Brief Summary of Bill**

- Establishes timeframes by which cities and counties must complete permit reviews for residential and mixed-use residential projects.
- Requires a permit for a residential or mixed-use residential project meeting affordable housing requirements to be deemed approved if the permit review is not completed within the required timeframe.
- Prohibits a city or county from imposing real estate excise taxes on the first sale of a residential or mixed-use residential property unless the permit was issued within the required timeframe.

**Hearing Date:** 1/30/23

**Staff:** Serena Dolly (786-7150).

**Background:**

Project Review.

Before developing land, a developer must obtain permits from the local government that allow the development. These permits can include land use permits, environmental permits, building permits, and others, and are known as project permits. All counties and cities are required to combine the environmental review process with the project permit review process.

The Growth Management Act (GMA) is the comprehensive land use planning framework for counties and cities in Washington. The GMA establishes a wide array of planning duties for 28

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counties, and the cities within those counties, that are obligated to satisfy all planning requirements of the GMA. These jurisdictions are sometimes referred to as fully planning under the GMA.

When a fully planning county or city is reviewing a project, its comprehensive plan and development regulations must serve as the basis for the project permit review. In determining if a proposed project is consistent with the comprehensive plan and development regulations, the county or city must consider the type of land use, the level of development or density proposed, and the availability of infrastructure needed to service the development.

Fully planning counties and cities must comply with additional project permit processing requirements, including establishing an integrated or consolidated permit process that:

- provides for a written determination of completion to an applicant within 28 days of receipt of the application;
- provides for notice of the application to the public, and to relevant departments and agencies, within 14 days of the determination of completeness;
- provides for an optional consolidated process for reviewing two or more project permit applications relating to a proposed project as part of a single process, with a designated permit coordinator for all of the project permits and allowing no more than one open-record hearing and one closed-record appeal on the project;
- allows any required open-record hearing or public meeting on the project to be combined with any other public meeting or hearing that may be held on the project by another agency;
- provides for a single report containing all of the decisions made on all project permits included in the consolidated process, as well as any recommendations on project permits that do not require an open-record predecision hearing and any mitigation required under the State Environmental Policy Act (SEPA);
- requires no more than one consolidated open-record hearing on appeal if the local government allows appeals; and
- requires a notice of decision on the project permit within 120 days, unless the county or city has adopted a longer time period after making written findings that a longer time period is required to process a specific application or project type.

#### State Environmental Policy Act.

SEPA establishes a review process for state and local governments to identify environmental impacts that may result from governmental decisions, such as the issuance of permits or the adoption of land use plans. The SEPA environmental review process involves a project proponent or the lead agency completing an environmental checklist to identify and evaluate probable environmental impacts. Government decisions that the SEPA checklist process identifies as having significant adverse environmental impacts must then undergo a more comprehensive environmental analysis in the form of an environmental impact statement (EIS).

#### Real Estate Excise Tax.

Cities and counties are authorized to impose an excise tax on the sale of real property. Counties

may impose the real estate excise tax (REET) in unincorporated areas, while cities may impose REET within the city. In either case, the tax may not exceed 0.0025 percent of the sale price. Fully planning cities and counties may, with voter approval, impose an additional 0.0025 percent tax. The revenue must be used for capital projects, limited maintenance, and until December 31, 2023, the operation of capital projects. In addition, counties may impose two additional excise taxes countywide: up to 1 percent to be used exclusively for the acquisition and maintenance of conservation areas and up to 0.5 percent for the development of affordable housing.

### **Summary of Bill:**

Each fully planning city and county must adopt or amend development regulations to ensure project permit reviews for residential and mixed-use residential projects are completed within established timeframes.

Within 14 days of receiving a residential or mixed-use residential permit application, a fully planning city or county must provide the applicant with a written determination stating either:

- the application is complete; or
- the application is incomplete and what is necessary to make the application complete.

A project permit application is complete when it meets the procedural submission requirements of the city or county, it is sufficient for continued processing, and no further information or project modifications are required. After an application has been deemed complete, no additional informational requirements may be imposed by the city or county on the completed application. After March 31, 2025, an application also will be deemed complete if the city or county does not provide the written determination that the application is incomplete within 14 days.

Within seven days after an applicant has submitted to a city or county any additional information identified as being necessary for a complete application, the city or county must notify the applicant whether the application is complete or, if incomplete, what additional information is necessary.

If an application is substantially revised by an applicant after it has been deemed complete, the city or county must notify the applicant whether the revised application is complete within 14 days.

In processing permits for residential or mixed-use residential projects, a city or county must complete its review within the following number of days after notifying the applicant that the application is complete:

- 120 days for projects with no more than five dwelling units;
- 180 days for projects with more than five but fewer than 101 dwelling units; and
- 270 days for projects with at least 101 dwelling units.

In determining the number of days that have elapsed after notifying the applicant that the

application is complete, the following periods are excluded:

- any period during which the city or county has requested the applicant correct plans or take a required action, calculated from the date the applicant is notified until the city or county determines whether the action is satisfactory or 14 days after the applicant provides information demonstrating that the action has been taken, whichever comes first;
- any period during which an EIS is being prepared following a determination of significance, if the city or county has established time periods for EIS completion or the parties agree in writing to a time period for completion of an EIS;
- any period for administrative appeals of project permits if an open-record appeal hearing or a closed-record appeal are allowed. The time period to consider and decide appeals must be established by ordinance or resolution and may not exceed 90 days for an open-record appeal hearing or 60 days for a closed-record appeal, unless the parties agree to an extension; and
- any extension of time mutually agreed upon by the parties.

Any project permits submitted after March 31, 2025, that are not approved, approved with conditions, or denied with cause within the required timeframe will be deemed approved if:

- the project permit involves more than five dwelling units and at least 20 percent of the dwelling units are affordable to low-income households; or
- the project permit involves more than five dwelling units and all dwelling units are affordable to moderate-income households.

After March 31, 2025, a city or county may not collect local real estate excise taxes (REET) on the first sale of any residential or mixed-use residential property if the project permit was not issued within the applicable timeframes.

**Appropriation:** None.

**Fiscal Note:** Requested on January 27, 2023.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.