



INFORMATIONAL MEMORANDUM

TO: Community Development and Neighborhoods Committee

FROM: Minnie Dhaliwal, Planning Supervisor

BY: Meredith Sampson, Assistant Planner

CC: Mayor Ekberg

DATE: September 24, 2019

SUBJECT: HB 1923 Increasing Housing Supply and Affordability

ISSUE

Does Tukwila want to apply for a grant which could provide up to \$100,000 in funds to the City to take actions to increase housing supply and affordability?

BACKGROUND

The State legislature passed HB 1923 providing \$5 million to increase residential building capacity in Washington communities. The Department of Commerce has released a grant application, due September 30th, 2019, for up to \$100,000 per jurisdiction. These funds can be put toward certain zoning actions, or toward a Housing Action Plan. The goal of a plan developed using this funding source "must be to encourage construction of additional affordable and market rate housing in a greater variety of housing types and at prices that are accessible to a greater variety of incomes, including strategies aimed at the for-profit single-family home market." There are seven sub-components that must be included in the plan.

DISCUSSION

Staff are considering Tukwila's options for this funding opportunity. The concept of a sub-regional housing plan is being explored with neighboring South King County jurisdictions. This would involve each jurisdiction submitting their own grant application to the Department of Commerce.

Several of the Housing Action Plan criteria outlined in HB 1923 are better served by looking at the broader area of South King County as a whole. South King County has similarities across jurisdictions, yet is unique when compared to Seattle or East King County and addressing trends across the area will be an asset for each jurisdiction. Other Housing Action Plan criteria outlined in HB 1923 would be better researched at the individual city scale.

Staff would like to focus the Tukwila-specific portion of the Housing Action Plan on our transit oriented development (TOD) zone and on Tukwila International Boulevard. This will give us a chance to study the housing supply surrounding Tukwila International Boulevard Station as well as the effects of displacement around transit centers.

FINANCIAL IMPACT

No financial match needed. Staff time will be needed to manage the grant.

RECOMMENDATION

The Committee is being asked to approve the City to apply for this grant.

ATTACHMENTS

MRSC Handout
Department of Commerce HB 1923 Informational Sheet
HB 1923 Grant Application

New Bill Provides Incentives for Washington Cities to Increase Residential Capacity

July 26, 2019 by [Steve Butler](#)

Category: [Housing](#), [New Legislation and Regulations](#), [Development Regulations and Zoning](#)



Most people would agree that affordable housing is a major issue throughout the state of Washington. There is much less agreement, however, on what is needed to address this problem. Recognizing this quandary, the Washington Legislature passed a bill ([E2SHB 1923](#)) to help address the affordable housing issue, which was signed by the Governor and takes effect on July 28, 2019 (with one provision that became effective on July 1, 2019).

While it doesn't have the mandates included in the original version, E2SHB 1923 is intended to encourage more residential development capacity and increase local governments' emphasis on affordable housing by providing both monetary and non-monetary incentives to do so. The bill focuses primarily on cities with populations of more than 20,000, with those cities needing to take formal action — as outlined in the bill — by April 1, 2021, in order to participate.

Why Your City Should Participate

E2SHB 1923 outlines two major incentives to induce cities to participate; funding and protection against State Environmental Policy Act (SEPA) and/or Growth Management Act (GMA) appeals in certain cases.

Planning grants

Eligible cities may receive up to \$100,000 in grant funds from the Washington Department of Commerce if they commit to adopting at least two actions that are intended to increase local residential capacity (which are summarized in this blog post) *or* if they develop a Housing Action Plan. Again, cities will need to act by April 1, 2021. [Applications](#) for the grant funds will be available in mid-August and right now are expected to be due by **September 30, 2019!**

Protection against SEPA and GMA appeals in certain cases

Cities adopting the actions specified in the new law (except for adoption of a subarea plan) will not be subject to SEPA appeal. The same protection applies to GMA-related appeals to the Growth Management Hearings Boards for any comprehensive plan amendments or development regulations related to the 12 regulatory actions listed in E2SHB 1923. Both provisions apply to relevant actions taken between July 28, 2019 and April 1, 2021.

What Your City Must Do to Participate

Cities are eligible for the planning grants and “safe harbor” appeal provisions described above if they adopt two or more of twelve actions listed in the legislation, and which can be broken into Local Regulatory Changes (nine total) and/or SEPA-Related Changes (three total).

Local regulatory changes

1. Increase development capacity to 50 units per acre or more near commuter or light rail stations (for a designated area of at least 500 acres).
2. Increase development capacity to 25 units per acre or more near high frequency bus stops (for a designated area of either: 250+ acres for cities with less than 40,000 population or 500+ acres for cities with populations over 40,000).
3. Allow a duplex, triplex, or courtyard apartment on all parcels in a zoning district where single-family homes are permitted.
4. Allow cluster zoning or lot size averaging in all zoning districts where single-family homes are permitted.
5. Expand allowances for accessory dwelling units (ADUs) with specific code provisions that extend beyond what is currently required by Washington State law.
6. Establish a form-based code.
7. Allow a duplex on all corner lots in single-family zones.
8. Establish the optional maximum thresholds under the short subdivision process.
9. Establish a minimum net density of six dwelling units per acre.

SEPA-related changes

1. Develop and adopt a subarea plan, using the “planned action” provisions, for an area that is designed as a mixed-use or urban center or leverages proximity to a major transit stop, transit infrastructure, or regional center.
2. Develop and adopt a SEPA planned action that includes residential or mixed-use development.
3. Use the SEPA infill exemption authority to increase categorical exemption thresholds for residential, mixed-use, or commercial development in areas that do not meet the planned density.

A local government needs to commit to adopting at least two of the items listed above by April 1, 2021 in order to participate in the grant program.

Housing Action Plan: Another Eligible Activity

A city that that develops and adopts a Housing Action Plan may also apply for a state grant. Such a plan must “encourage construction of additional affordable and market rate housing in a greater variety of housing types and at prices that are accessible to a greater variety of incomes” and should undertake the following tasks:

- Quantify existing and project housing needs for all income levels;
- Develop strategies to increase the supply of housing and variety of housing types;
- Analyze population and employment trends, with documentation of projections;
- Consider strategies to minimize displacement of low-income residents;
- Review and evaluate the current element adopted pursuant to [RCW 36.70A.070](#);
- Provide for broad participation and input from all interested parties; and
- Include a schedule of implementation programs and actions.

Other Notable Aspects of the Bill

The bill provides several useful definitions related to housing costs. The term “affordable housing” is clearly defined as “residential housing whose monthly costs, including utilities other than telephone, do not exceed 30% of the monthly income of a household;” and then it draws clear distinctions between renters and homeowners. For **rental housing, the targeted monthly income level is defined as 60%** of the county median household income, adjusted for household size. For **owner-occupied housing, the level is 80%** of the county median household income once adjusted for household size.

In addition, there are specific percentages for what constitutes low, very low, and extremely low-income households, as the table below demonstrates:

Definition	Median Household Income (MHI)
Low-income household	less than 80% of the MHI
Very low-income household	less than 50% of the MHI
Extremely low-income household	less than 30% of the MHI

E2SHB 1923 also contains a number of other provisions, including:

- A reduction in local residential parking requirements for developments with good transit service that house very low-income or extremely low-income households, seniors, or people with disabilities;
- An exemption from SEPA appeals related to transportation impacts for residential and mixed-use developments;
- A ban on prohibiting “permanent supportive housing” in areas where multi-family housing is allowed; and
- For cities with a population greater than 5,000, a SEPA appeal exemption for developments that sets aside or requires the low-income household occupancy of at least 10% of its dwelling units.

For more details about E2SHB 1923 and the associated state grant program, please read the [Increasing Residential Building Capacity - E2SHB 1923 Grant Opportunity Overview](#), which was prepared by the Washington State Department of Commerce’s Growth Management Services-Local Government Division.

MRSC is a private nonprofit organization serving local governments in Washington State. Eligible government agencies in Washington State may use our free, one-on-one [Ask MRSC service](#) to get answers to legal, policy, or financial questions.



About Steve Butler

Steve joined MRSC in February 2015. He has been involved in most aspects of community planning for over 30 years, both in the public and private sectors. He received a B.A. from St. Lawrence University (Canton, New York) and a M.S. in Urban and Regional Planning from the University of Wisconsin-Madison. Steve has served as president of statewide planning associations in both Washington and Maine, and was elected to the American Institute of Certified Planner's College of Fellows in 2008.

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Increasing Residential Building Capacity

E2SHB 1923 Eligible Activities and Frequently Asked Questions about the Grant

Revised as of September 5, 2019

Growth Management Services
Local Government Division

E2SHB 1923 provided \$5 million to increase residential building capacity in Washington communities. These funds are prioritized in the bill for the 53 GMA cities over 20,000 in population. These are the steps in implementation.

SURVEY: Commerce developed a Grant Opportunity Interest Survey which includes questions about the various eligible activities and which options these cities are likely to pursue if they apply for grant funding. Commerce will use this to make decisions about the grant.

GRANT APPLICATION: A grant application will be released on August 15, 2019, and will be due to Commerce by September 30, 2019. Awards will be made by the end of October. Grant funded actions must be adopted by April 1, 2021.

LIST OF ELIGIBLE ACTIVITIES: This list is defined in the bill. Commerce has provided some additional guidance to clarify some questions.

FREQUENTLY ASKED QUESTIONS: Commerce has received a number of questions about this grant opportunity. We have compiled answers based on our analyses of the legislation and our development of the grant program to date. These start on page 9 of this document.

Commerce contacts:

Dave Andersen, GMS Managing Director / Project Lead, (509) 434-4491

Anne Fritzel, Senior Planner, Project Technical Assistance (360) 725-3064

Paul Johnson, GMS Grants Coordinator, (360) 725-3048

Activities eligible for E2SHB 1923 funding

1. Select at least two of the actions listed below:

- a) ***Increase residential density near commuter or light rail stations to 50 dwelling units per acre. Designated areas should be at least 500 acres in size.***

This may be achieved as a sub-area plan or rezone within a designated area in response to or anticipation of commuter or light rail stations. Regulations should allow at least 50 dwelling units per acre, and must require *no more than an average of one on-site parking space per two bedrooms* in multifamily areas. The plan should consider all areas with a half mile, or 10-minute walk, of the station. Special attention should be paid to prioritize bicycle, pedestrian, and transit access to station areas.

- b) ***Increase residential density along high frequency transit corridors to 25 dwelling units per acre. Designated areas should be at least 250 acres for cities with a population of less than 40,000 people, or 500 acres for cities with a population over 40,000.***

This may be achieved as a sub-area plan or rezone along a transit corridor in response to or in anticipation of high frequency transit corridors. E2SHB 1923 defines *"high frequency transit service" as bus service at least four times per hour, at least 12 hours per day*. Regulations should allow at least 25 dwelling units per acre, and must require *no more than an average of one on-site parking space per two bedrooms* in multifamily areas. The plan should consider all areas with a half mile, or 10-minute walk, of the transit corridor, with special attention to considerations for road crossings to transit service.

- c) ***Authorize at least one duplex, triplex, or courtyard apartment on each parcel in one or more zoning districts that permit single-family residences unless a city documents a specific infrastructure or physical constraint that would make this requirement unfeasible for a particular parcel.***

Documentation of specific infrastructure or physical constraints should go beyond whether sewer or other services currently exist at the location. Documentation should describe how specific geographic features of the land, such as water bodies or critical areas make it extremely difficult to develop, or to serve isolated parcels with urban services.

- d) ***Authorize cluster zoning or lot size averaging in all zoning districts that permit single-family residences;***

Cluster zoning is a zoning method in which development density is determined for an entire specified area, rather than on a lot-by-lot basis. Within the specified cluster zone, a developer can exercise greater flexibility in designing and placing structures, as long as the total density requirement is met.

Lot size averaging allows the size of individual lots within a development to vary from the zoned maximum density, provided that the average lot size in the development as a whole meets that maximum. Housing can then be developed on lots smaller than otherwise permitted in a zone, allowing for greater densities in some areas and more diversity throughout the development.

These tools can be especially useful in lands encumbered by critical areas or other constraints that point to a more flexible approach.

- e) ***Authorize attached accessory dwelling units (ADUs) on all parcels containing single-family homes where the lot is at least 3,200 square feet in size, and permit both attached and detached ADUs on all parcels containing single-family homes, provided lots are at least 4,356 square feet in size. Qualifying city ordinances or regulations may not provide for on-site parking requirements, owner occupancy requirements, or square footage limitations below 1,000 square feet for the accessory dwelling unit, and must not prohibit the separate rental or sale of accessory dwelling units and the primary residence. Cities must set applicable impact fees at no more than the projected impact of the accessory dwelling unit. To allow local flexibility, other than these factors, accessory dwelling units may be subject to such regulations, conditions, procedures, and limitations as determined by the local legislative authority, and must follow all applicable state and federal laws and local ordinances.***

GMA cities over 20,000 in population are already required to allow accessory dwelling units (ADUs) in single family zones.¹ To be eligible for funding under E2SHB 1923, eligible jurisdictions must adopt an ADU ordinance that is consistent with these specifications for lot size, unit size, no parking requirement, no owner occupancy requirement, reduced impact fees, and subsequent separate sale of separate units. Please note the phrase “both attached and detached ADUs” on all parcels over 4,356 square feet means allowing two (2) ADUs per lot. Beyond these items, local governments may choose to waive utility connection fees, building or permit fees, or address design. For more information please review [MRSC’s guidance](#) on this topic, except that the 1994 CTED ADU guidance is superseded by these requirements.

- f) ***Adopt a subarea plan pursuant to RCW 43.21C.420.***

¹ See RCW 36.70A.400 and RCW 43.63A.215(3) (laws of 1993)

From RCW 43.21C.420:

Cities with a population greater than 5,000 may adopt optional elements of comprehensive plans and optional development regulations that apply within subareas for areas that are either:

- a. Areas designated as mixed use or urban centers in a land use or transportation plan adopted by a regional transportation planning organization; or
- b. Areas within one half mile of a major transit stop, zoned for an average minimum density of 15 units per gross acre. Section 3 of RCW 43.21C.420 defines a major transit stop as:
 - A stop on a high capacity transportation service funded or expanded under RCW 81.104;
 - Commuter rail stops;
 - Stops on rail or fixed guideway systems, including transitways;
 - Stops on bus rapid transit routes or routes that run on high-occupancy vehicle lanes; or
 - Stops for a bus or other transit mode providing fixed route service at intervals of at least thirty minutes during the peak hours of operation.

The plan must be accompanied by an environmental impact statement (EIS) assessing and disclosing the probable significant adverse environmental impacts. Any development proposed within 10 years of the EIS, which is consistent with the plan and regulations may not be challenged under SEPA.²

g) Adopt a planned action pursuant to RCW 43.21C.440(1)(b)(ii).

A planned action is an adopted plan and environmental review on a sub-area within an urban growth area, consistent with a comprehensive plan adopted under the Growth Management Act. The plan and environmental review are completed before projects are proposed. Project-level significant impacts must be addressed in a State Environmental Policy Act (SEPA) document, unless the impacts are specifically deferred for consideration at the project level. The SEPA document may be a determination of non-significance (DNS), a mitigated determination of significance (MDNS), or an environmental impact statement (EIS). To be eligible for funding, the planned action area should:

- Be within an urban growth area;
- Contain mixed use or residential development; and
- Encompass an area that is within one-half mile of a major transit stop³; or will be within one-half mile of a major transit stop no later than five years from the date of the designation of the planned action. Section 5 of RCW 43.21C.440 defines a major transit stop as a commuter rail stop, a stop on a rail or fixed guideway or transitway system, or

² See RCW 43.21C.420 (amended by E2SHB 1923, laws of 2019)

³ Defined in RCW 43.21C.440(5).

a stop on a high capacity transportation service funded or expanded under chapter [81.104](#) RCW.⁴

For more information see <http://mrsc.org/Home/Explore-Topics/Planning/Land-Use-Administration/Planned-Action.aspx>

h) Adopt an infill exemption under RCW 43.21C.229 for residential or mixed-use development

This section allows for exemptions from SEPA evaluation if the city or county's applicable comprehensive plan was previously subjected to environmental analysis and if the local government considers the specific probable adverse environmental impacts of the proposed action and determines they are adequately addressed by the development regulations or other requirements.

Such an exemption categorically exempts government action related to development proposed to fill in an urban growth area, where current density and intensity of use in the area is lower than called for in the goals and policies of the applicable comprehensive plan and the development is either (i) Residential development, (ii) Mixed-use development, or (iii) Commercial development up to 65,000 square feet, excluding retail development. It does not exempt government action related to development that is inconsistent with the applicable comprehensive plan or would exceed the density or intensity of use called for in the comprehensive plan.

Guidance on infill development is available from the Department of Ecology's SEPA Guidance website at <https://ecology.wa.ecology.wa.gov/Regulations-Permits/SEPA/Environmental-review/SEPA-guidance> and look for the link to the 2017 SEPA Handbook.

i) Adopt a form-based code in one or more zoning districts that permit residential uses. "Form-based code" means a land development regulation that uses physical form, rather than separation of use, as the organizing principle for the code;

The purpose of a form-based code is to control the size and bulk of buildings, instead of regulating by the number of units. This can help a local government encourage development that meets the desired community character, but encourages a greater number of units of a given parcel, as the number of units are not restricted. For more information see mrsc.org/Home/Explore-Topics/Planning/Development-Types-and-Land-Uses/Form-Based-Codes.

⁴ RCW 81.104 authorizes specific sources of funding. If the major transit stop does not meet the other descriptions, refer to this section of statute for a section that authorizes the funding for the transportation serving the "major transit stop."

- j) Authorize a duplex on each corner lot within all zoning districts that permit single-family residences.***

A duplex on a corner lot can have the advantage of looking like a single-family housing unit with a front-facing door on each corner. This approach can add density in single-family areas without appearing to add a traditional duplex, but provides the benefit of additional smaller units which can be more affordable.

- k) Allow for the division or redivision of land into the maximum number of lots through the short subdivision process provided in chapter 58.17 RCW;***

RCW 58.17.020(6) defines a short subdivision as "the division or re-division of land into four or fewer lots, tracts, parcels, sites, or divisions for the purpose of sale, lease, or transfer of ownership. However, the legislative authority of any city or town may by local ordinance increase the number of lots, tracts, or parcels to be regulated as short subdivisions to a maximum of nine. This applies in all cities and for counties within urban growth areas. By increasing the number of lots in short plat, more development may be permitted by the quicker short plat process, which can be processed administratively, rather than the longer subdivision process, which generally requires approval of the legislative body. Local governments may also wish to review RCW 58.17.100 which allows for delegation of final plat approval to the planning commission or staff rather than going back to council.

- l) Authorize a minimum net density of six dwelling units per acre in all residential zones, where the residential development capacity will increase within the city.***

This option is applicable where net density in residential zones is less than six dwelling units per acre. Net density is the gross acreage minus public right of ways, divided by the number of units. Where areas are encumbered by critical areas, clustering can help achieve the target density.

2. Cities may adopt a Housing Action Plan

The goal of any such housing plan must be to encourage construction of additional affordable and market rate housing in a greater variety of housing types and at prices that are accessible to a greater variety of incomes, including strategies aimed at the for-profit single-family home market. The housing action plan should:

- (a) Quantify existing and projected housing needs for all income levels, including extremely low-income households, with documentation of housing and household characteristics, and cost-burdened households;***

Data should document the type and age of housing within the community, and the demographics of the households within the communities. It should look across income segments and identify how many households in each income segment are paying more than 30 percent of their income for housing costs. The analysis should also project population demographics and income levels for the planning period and identify the types and densities of housing that are needed for housing suitable and affordable for all demographic and economic segments. This analysis should specifically consider multifamily and attached housing types. For more information see WAC 365-196-410.

(b) Develop strategies to increase the supply of housing, and variety of housing types, needed to serve the housing needs identified in (a) of this subsection;

Data gathered in the previous section should point to the types of housing that should be allowed by local zoning, and the types of incentives and regulations that will be needed to encourage the development of appropriate housing affordable to all income segments of the community. Trade-offs in parking requirements, setbacks, and open space considerations may be reviewed as they affect the yield in housing. Strategies to encourage and support the development of subsidized housing, such as fee waivers and free land should be considered, along with options for creating more housing. For a full menu of strategies, see www.ezview.wa.gov (Affordable Housing Planning Resources). Policy actions can be evaluated on the whether they are short term, or long term, how effective they are, or whether they have a fiscal impact.

(c) Analyze population and employment trends, with documentation of projections;

Population analysis should consider the city's portion of the countywide population allocation projected over the 20-year planning period, along with regional population trends. Employment trends should look at the jobs in the region, along with the income levels of the jobs, and may consider the jobs/housing balance in the community. This analysis should be considered with the analysis of housing needs in part (a) of this section.

(d) Consider strategies to minimize displacement of low-income residents resulting from redevelopment;

Economic displacement occurs where low-income residents are forced out of traditional low-cost areas as redevelopment occurs and rents rise. Strategies to minimize displacement include preserving existing affordable housing, encouraging greater housing development, including, but not limited to affordable housing (so more housing is available for all income segments), using collective ownership of housing, engaging existing residents in identifying strategies, and taking a broader look using regional rather than localized strategies. For

more information consider US Department of Housing and Urban Development (HUD) resources such as: www.huduser.gov/portal/sites/default/files/pdf/DisplacementReport.pdf

- (e) Review and evaluate the current housing element adopted pursuant to RCW 36.70A.070, including an evaluation of success in attaining planned housing types and units, achievement of goals and policies, and implementation of the schedule of programs and actions;***

The housing element of the comprehensive plan should be evaluated for how well development is implementing policies, specifically whether the community is on track to accommodate the portion of the countywide population allocated to the community within the planning period, and whether the housing types are affordable to all economic segments. If these metrics are not met, new comprehensive plan policies should be proposed to support zoning that allow the size and types of housing that can be affordable to most economic segments of the population. Policies may also encourage or incentivize the development of subsidized affordable housing. Action strategies or housing metrics can help the plan stay on track over time.

- (f) Provide for participation and input from community members, community groups, local builders, local realtors, nonprofit housing advocates, and local religious groups; and***

Broad participation from all parts of the community can help to understand and communicate the housing need. Members of the public can provide information and perspective on how the community can meet the state requirements to plan for housing affordable to all economic segments.

- (g) Include a schedule of programs and actions to implement the recommendations of the housing action plan.***

The housing action plan should cumulate in a broad array of potential programs and actions that the jurisdiction has committed to pursue, or can partner with other organizations to implement. The actions should include an update to policies in the comprehensive plan, along with actions to update regulations to implement selected strategies. The schedule should include a timeline for actions and funding, if required to implement the plan.

Actions protected from appeal

If adopted between July 28, 2019, and April 1, 2021, ordinances, amendments to development regulations, and other nonproject actions taken by a city are not subject to administrative or judicial appeal under the State Environmental Policy Act (SEPA).⁵ This excludes the adoption of a sub-area plan adopted pursuant to RCW 43.21C.420.

⁵ E2SHB 1923, Section 1(3)

In addition, any action taken by a city prior to April 1, 2021 to amend their comprehensive plan, or adopt or amend ordinances or development regulations to enact any of the twelve actions to increase residential building capacity is not subject to appeal to the Growth Management Hearings Boards.⁶

QUESTIONS RELATED TO THE SURVEY AND TIMELINES

1. When will the grant application be available?

Grant information is available on <https://www.commerce.wa.gov/serving-communities/growth-management/growth-management-grants/> about two programs. Applications for cities over 20,000 population are due September 30, 2019. Applications for cities under 20,000 are due October 15, 2019.

2. How much detail are you expecting in the survey comment boxes for code citations. Is there a word or letter count that we need to comply with?

Title and section citations of the city code are sufficient. We are looking for enough information to find the applicable section of your city code. Survey Monkey sets a limit of 100 characters for a single line of text.

3. What was the effective date of HB 1923?

July 28, 2019. A city may start documenting expenses on specific tasks from the effective date of the bill. This may be billed only if a grant is awarded. Billing may occur only after there is a signed contract, which we expect to occur in November 2019.

4. How long will a city have to spend its funds once awarded? When are the start and end dates?

Section 1(6) of E2SHB 1923 states that funding may be provided in advance of, and to support adoption of policies or ordinances consistent with this section. A city may start documenting expenses on specific tasks from the effective date of the bill. This may be billed only if a grant is awarded. Billing may occur only after there is a signed contract,

⁶ E2SHB 1923, Section 1 (4)

which we expect to occur in November 2019. The end of the contract period will be June 30, 2021, however, eligible actions must be taken (adopted) by April 1, 2021 to receive full funding, and all deliverables must be submitted by June 15, 2021.

5. How will applications be selected for funding through the grant selection process?

Commerce will use the survey to develop a strategy to award funds across eligible jurisdictions and consistent with level of effort. Eligible applications will be scored and ranked consistent with scoring criteria, in the grant applications.

QUESTIONS ABOUT GRANT FUNDING

1. May another organization apply on behalf of an eligible city (or cities) for work under E2SHB 1923?

A third party organization, such as a non-profit or consulting group, may help to develop the application. However, the application would need to have a signed letter from the Mayor of each jurisdiction committing to the work, with the understanding that the city would be the grantee. Commerce would then execute a contract with each city receiving funding, and the third party may be contracted by the city to do the work.

2. The survey used the word “alternatively” but the text of E2SHB 1923 suggests that a city could apply for both if desired.

Section 1 (Subsections 6 & 7) of the bill provide criteria for funding applications. Section 1(6) states that a city over 20,000 population that takes at least two of the listed actions can apply for \$100,000, and may apply for more if the action demonstrates extraordinary potential to increase housing supply and streamline regulations.

Section 1(7) states that a cities can apply for up to \$100,000 to develop a housing action plan. Section 1(8) says that Commerce shall establish grant amounts to ensure all cities can receive some level of grant support. As there are 53 jurisdictions eligible for the first round of funding, and only \$5 million available, Commerce recommends a city choose one or the other option, or a combination for a maximum ask of \$100,000, demonstrating the level of effort required for each action, unless they can make a case for extraordinary potential.

3. What sort of documentation might you be looking for to support an application for a grant that exceeds \$100,000?

An eligible city may request more than \$100,000 for applications that demonstrate “*extraordinary potential to increase housing supply or regulatory streamlining,*” such as the following:

- A single jurisdiction proposing at least two of the activities and explaining how these actions demonstrate extraordinary potential to increase housing supply or regulatory streamlining (does not include a housing action plan).
- Transit corridor planning with multiple jurisdictions and tribes, if applicable. Documentation would include the expected extraordinary increase in capacity or streamlining from working together.
- Housing action plans that cross multiple jurisdictions, and are coordinators for consistency. Documentation would include the expected extraordinary outcomes as a result of working together.
- Jurisdictions eligible for the first round of funding may apply with ineligible jurisdictions for activities such as regional housing action plans or subarea plans that may cross jurisdictional boundaries, including into unincorporated UGAs. However, funding for ineligible partners may be available at a significantly lower amounts than eligible jurisdictions.

Examples of documentation may include the following:

If city proposes to adopt actions to increase capacity, it may provide a rough estimate of number of additional units that may be produced over the 20-year period as a result of these actions, including the assumptions used in the estimate, and how these numbers are extraordinary, compared to existing plans and regulations, or to other similar jurisdictions.

If a city proposes permit streamlining, documentation may include an estimate of the number and percentage of units that the proposed tool(s) may potentially streamline within the jurisdiction, and how this might be extraordinary compared to normal course of business or other similar jurisdictions.

- 4. If a city has a population of only 5,000 residents, which is below the established threshold of 20,000, are there any opportunities for that city to join with neighboring cities who may, together, have a combined population equal to or greater than the minimum population threshold?**

No, not in the first round. The legislature prioritized this funding first for cities of over 20,000 population, as these hold the greatest potential for increasing residential capacity. After first-round applications have been scored and ranked, Commerce will review applications from smaller cities.

- 5. Is it still \$100,000 limit if a city applies with an adjacent jurisdiction?**

For two or more eligible cities working on a joint project, they may each submit an application, referencing the work with the other jurisdiction(s). For multi-jurisdictional activities, where partner cities are not eligible for the first round of funding, a single application should be submitted by the jurisdiction eligible for the first round of funding, including funding for ineligible partners at significantly lower amounts than eligible jurisdictions.

6. **HB 1923 says that an eligible jurisdiction must be “*planning to take at least two actions...between the effective date of this section and April 1, 2021...*” That states an intent. If we were to apply for a grant with the intent of completing that work and moving the ordinance to city council for action prior to 4/21 but the political process pushes the adoption beyond that date, does this imply that the city has to pay the state back?**

No, we do not anticipate providing an advance that would need to be paid back, but rather, the grant is structured as a performance-based contract, with a scope of work, milestones, and deliverables completed in order to receive payments, including the final deliverable(s). The contract end date will coincide with the end of the state fiscal year, June 30, 2021. Therefore, final payment, as a percentage of the overall grant award, will be contingent on submittal of any adopted actions as final deliverables. The final amount will be 30 percent of the total grant award.

7. **Once the grant money is received, can it be used for any action to do with the adoption of these regulations?**

The contract will include a work plan identifying the tasks that would be covered by the grant, such as any actions required to develop and adopt the regulations / housing action plan. This could be hiring consultants, paying for staff, or public consultation, consistent with state spending guidelines.

8. **If we have already started an eligible activity, can we use the funds to complete the activity within the grant timeline?**

Yes, however, the application should clearly document progress to date and detail the tasks that will be carried out using grant funds. If most of the activity is already complete, it may not qualify as one of the two actions required under the bill. In this case, at least two additional activities would be needed to qualify for grant funding.

QUESTIONS ABOUT GRANT ACTIVITIES

Scoring will be based on whether the project is eligible. Applications will be ranked according to how they implement the goals of E2SHB 1923.

1. One of the actions identified under the bill includes a Housing Action Plan. May grant funds be utilized for a “Housing Assessment Study”?

Yes, you could apply for this as part of the grant, but it should be part of a much larger package of actions. A “Housing Assessment study” appears to be just the first of seven components of housing action plan defined in the bill. The legislature provided up to \$100,000 for a full housing action plan.

2. The bill seems a little unclear as to what are the specific expectations and requirements to be considered an acceptable “Housing Action Plan”. Is it possible to see a “model” “Housing Action Plan” to better understand the specific requirements of what constitutes a “Housing Action Plan”.

The bill lists a number of steps which must be completed, and best practices suggest a few other steps. Housing action plans must include all elements in the bill to be eligible for funding. Commerce does not have a model housing action plan at this time. However, many Washington jurisdictions have already adopted housing strategies, such as Tacoma’s [Affordable Housing Action Strategy](#) and Wenatchee [Our Valley Our Future](#) action plan, which were considered as models when the bill was adopted.

3. Questions on E2SHB 1923 subsections 1(b): We exceed this amount of acreage in this zoning category with transit – is this for additional acreage?

The language in the bill says 500 acres in one or more areas for larger jurisdictions.

- If you already have a 500-acre sub-area that meets the density and transit frequency in the bill, then you have already completed this option, unless the work will enable additional housing capacity.
- You may do additional planning for an already-designated 500-acre sub-area to meet the density criteria in the bill.
- If the transit service does not currently meet the “high quality transit definition, (*bus service at least four times per hour, at least 12 hours per day*), then this is not a project that is eligible for funding.

4. Does the requirement that the subarea be within one-half mile of a transit stop mean that the subarea plan must include all of the area within one-half mile of the transit stop, or could a subset of the half-mile area be considered? We read the language to mean that the subarea itself must be within one-half mile of the stop, but that the subarea could be smaller in size than the half-mile radius. (Our subarea would be centered on the station

but would not extend an entire half-mile in every direction—particularly as a large wetland, zoned for resource protection, is nearby.)

Our guidance on subarea planning choices(1 a or b) recognizes that natural features are going to affect subarea planning, and that planning may be along a transit corridor, more than in a simple circle. However, the planning area should include everything within the ½ mile / 10-minute walkshed of the transit stop, and naturally, will identify things like a wetland complex that would be incompatible with high density development.

- 5. Could the subarea plan consider transportation connections to areas outside of the specific subarea? We would like to do comprehensive planning in the area around the station, but could also use assistance in formulating a more generalized plan to connect the subarea to other parts of the city (through future road connections, identification of possible pedestrian/bicycle paths, etc.)**

The intent of the bill was to catalyze residential building capacity. While projects to connect more areas to the BRT stations are a great idea, unless the project will increase residential building capacity, that portion is unlikely to be eligible for funding under this grant. If increased residential capacity results in the need for additional transportation planning, that may be eligible for funding.

- 6. Item 1(d) – how is “cluster zoning” and “lot size averaging” defined in an urban definition?**

The intent appears to be to remove or reduce the minimum lot size so that a greater variety of lot sizes and housing types could be constructed on a given parcel within an urban growth area.

- 7. We recently adopted an ADU ordinance that meets the criteria for such in HB 1923. There is much work yet to do in implementing that ordinance to encourage and support ADU development in the city. Would that be a category of work that would be eligible for the grant?**

The language of the bill states that jurisdictions must “take action” to be eligible for the funding. If the ordinance is already adopted, actions beyond that to directly implement the ordinance, such as creating guidance materials and developing new procedures are likely to be eligible activities, however, marketing materials would not likely be an eligible expense. In order to receive funding, implementation activities would need to be clearly outlined in the proposed work program.

- 8. For option 1.i., would a hybrid form/use based code qualify for funding?**

Most form-based codes have some limits on use. A hybrid form-based code that sets some limits on use would very likely qualify for funding under the grant.

Growth Management Services E2SHB 1923 Grant Application Form

Summary Page

Name of Jurisdiction(s) _____

Total Funding Request \$ _____

Which of the following activities do you intend to pursue with this grant?

- Increase residential density near commuter or light rail stations to 50 dwelling units per acre.
- Increase residential density along high frequency transit corridors to 25 dwelling units per acre.
- Authorize at least one duplex, triplex, or courtyard apartment on each parcel in one or more zoning districts that permit single-family residences.
- Authorize cluster zoning or lot size averaging in all zoning districts that permit single-family residences.
- Authorize accessory dwelling units (ADUs) on all parcels containing single-family homes.
- Adopt a subarea plan pursuant to RCW 43.21C.420.
- Adopt a planned action pursuant to RCW 43.21C.440 (1)(b)(ii).
- Adopt an infill exemption under RCW 43.21C.229 for residential or mixed-use development.
- Adopt a form-based code in one or more zoning districts that permit residential uses.
- Authorize a duplex on each corner lot within all zoning districts that permit single-family residences.
- Allow for the division or redivision of land into the maximum number of lots through the short subdivision process provided in chapter 58.17 RCW.
- Authorize a minimum net density of six dwelling units per acre in all residential zones, where the residential development capacity will increase within the city.
- Housing action plan.

1. Jurisdiction Information

Applying Jurisdiction	
Joint Applicants	<i>If two or more cities are jointly applying and collaborating on this grant, please duplicate this page, and submit a separate page for each city. Please indicate which city is the "lead" city for purposes of the grant.</i>

Project Manager	<i>If submitting a joint application, this designated lead person will be responsible for keeping the other participant city contacts informed about the grant.</i>		
Name (Lead Contact)			
Title			
Department			
Mailing Address			
City			
State		Zip Code	
Telephone Number			
Email			

Financial Contact	<i>Please provide name and contact information for the person who will be responsible for receiving and accounting for the grant funds.</i>		
Name			
Title			
Department			
Telephone Number			
E-mail			
Unified Business Identifier (UBI) Number			
Statewide Vendor (SWV) Number			

Authorized Official	<i>The name and title of the office authorized to sign the grant agreement on behalf of the city.</i>		
Name			
Title			

2. The Scope of Work and Project Schedule

Provide a complete a proposed Scope of Work, detailing the Steps for each Action. Instructions are in the Grant Application Instructions.

- All local legislative actions must be adopted prior to April 1, 2021.
- Any grant Deliverables must be submitted by June 15, 2021.
- If you propose multiple Actions/Steps/Deliverables, please duplicate the table below as needed.

Scope of Work

For each Action, please copy the Action description, as written in the last pages of the Grant Application Instructions.			
Action:			
Steps/ Deliverables	Description	Start Date	End Date
Action 1			
Step 1.1			
Step 1.2			
Step 1.3			
Step 1.4			
Deliverable 1			

3. Proposed Budget / Financial Information

Please proposed a project Budget to reflect your expected expenses in each of the categories. Include only the expenses that will be directly related to completing the items included in the Scope of Work.

Please provide a summary of the level of effort, or the amount of funding needed to fund each action proposed for the grant.

Action / Deliverables	Commerce Funds	Other Funds [If applicable]
<i>Action 1.</i>	\$ _____	\$ _____
<i>Action 2.</i>	\$ _____	\$ _____
<i>Action 3.</i>	\$ _____	\$ _____
<i>Total:</i>	\$ _____	\$ _____

Budget Narrative: For each Action, please support the funding request with estimates of staff hours (may be per Action Step, or), staff hourly rates, and other expenses.

4. Grant Application Questions and Scoring Method

When developing E2SHB 1923 grant awards to local governments, Commerce has been directed to develop criteria to ensure that grant funds awarded are prioritized for cities over 20,000 in population, proportionate to the level of effort proposed by a city, and the potential increase in residential building capacity, or regulatory streamlining that could be achieved. Please refer to the *Grant Application Instructions* for more detail regarding scoring and ranking.

4.a Readiness to Proceed: (0-20 points)

Please state how the project can be started and completed before April 1, 2021. Refer to the scope of work if needed. Provide key comprehensive plan policies, housing strategies, or other directives that support the development of the selected actions. Identify the key staff or consultants who will be implementing the project along with their history regarding their ability to successfully complete other grant projects.

4.b Local Commitment to the Project: (0-10 points)

Describe the impact that Commerce grant funds will have on the project. Indicate whether the proposed project is related to an existing project that will proceed even without the Commerce grant funds. Would this project continue without the funds? What local funding or in-kind services are leveraged by this grant, for example, the amount of staff time and/or funding that is committed to the project as well as other funding and “in-kind” support.

4.c Potential to increase housing supply or provide regulatory streamlining

(0–40 points*) Up to 20 bonus points are available for applications demonstrating extraordinary potential to meet grant program goals.

Please describe how the proposed actions will increase residential building capacity or streamline regulations. Provide detail on your assumptions over the 20-year planning period. More information on what to include in this section is in the Grant Application Instructions.

4.d Local or regional need (0-20 points)

Commerce will score this section based on a formula of cost burden and extreme cost burden data within your community. For applications with multiple jurisdictions, this data will be weighted by population. If there are particular factors that should be considered, please provide a short paragraph with details and facts.

4.e Demonstration Potential: (0-10 points)

Is this a project that would provide an example that can easily be used by other local governments? Describe how the project or elements of the project could be transferred to other jurisdictions. Include factors that may limit the transferability of the project, such as budget and staffing, and factors that would make it broadly applicable.

Thank you for completing this application. Applications must be submitted in electronic format, along with a letter of support from the mayor. Applications must be emailed, preferably as a single document to gmsgrants@commerce.wa.gov by 5:00 p.m. on September 30, 2019.

CHECKLIST

- Letter of authorization from City Mayor or authorized official, formalizing commitment to the project.
- Submit application and letter to gmsgrants@commerce.wa.gov by September 30, 5:00 p.m.
- Complete Survey Monkey survey on your jurisdiction's existing use of these tools and intent under the grant. <https://www.surveymonkey.com/r/TVB5RGF>