



## **Sound Cities Association Legislative Report**

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The March 20 report from the Economic and Revenue Forecast Council forecasts an increase of approximately \$550 million in general fund revenue for the 2019-21 biennium. With this updated revenue information, the House is anticipated to release its budget proposals on Monday, March 25 and hold a public hearing on the proposal later that day. The Senate will release its budget proposals later in the week.

Once the House and Senate have each released their respective budget proposals, each chamber will hold a public hearing, make amendments, and then begin negotiating. Generally, if funding is included in both budgets, it is highly likely that it will be included in the final budget that is negotiated and agreed to by both chambers. If funding is included in one chamber's budget proposal, but not the other, it's less certain. In that case, whether funding will be included in the final budget will be determined through budget negotiations in the coming weeks. Much of the final budget negotiations are behind closed doors, with relatively little public process and are often challenging to influence.

While the Legislature begins budget deliberations, they will continue considering legislation. The Legislature is currently meeting in committees, holding public hearings and voting on bills that passed the opposite chamber. Bills need to advance out of policy committees prior to April 3, and fiscal committees prior to April 9, unless they have been designated "necessary to implement the budget." After April 9, they will spend the remainder of session on the floor voting on bills. Session is scheduled to end on Sunday, April 28th (and will **\*fingers crossed\*** hopefully end on time!).

### **Legislative Priorities**

#### **Affordable Housing and Homelessness**

**Affordable Housing Funding:** The Senate Housing Stability and Affordability Committee held public hearings on House Bill 1406 and House Bill 1219 last week. The committee has scheduled both bills for executive session on Monday, March 25. [House Bill 1406](#), sponsored by [Rep. June Robinson](#) (D-Everett), would allow Tacoma to impose a .02 credit against the state sales tax to fund affordable housing. The revenue may be used to acquire, rehabilitate, or construct affordable housing or fund the operations and maintenance of new units of affordable or supportive housing for persons whose income is at or below 60% of the adjusted median income for the jurisdiction imposing the tax. A substitute version of the bill passed the House and specifies that to enact the maximum 0.02 percent rate, a city must levy a qualifying local tax no later than 12 months after the effective date of the bill, rather than within 12 months of the effective date, and states that the median income calculation for cities imposing the tax to be based on the city's median income, not the county's (addressing a drafting error). During the hearing, several groups testified in support, 34 people signed in support and no one signed in opposed.

[House Bill 1219](#), sponsored by [Rep. Amy Walen](#) (D- Kirkland), allows cities and counties to utilize real estate excise tax revenues for affordable housing. Cities and counties have the authority to use up to \$1 million of real estate excise tax revenues for affordable housing under current law, but the authority is scheduled to sunset in June 2019. Before passing the House, the bill was significantly amended. The most recent version of the bill extends the sunset on the authority to January 1<sup>st</sup>, 2026 and

removes the cap on the amount of revenue cities can use for affordable housing, if are already utilizing authority. The cap remains in place for cities that are not currently using the authority.

There are several bills that amend the multi-family property tax exemption. None of those bills have been scheduled for a public hearing. The Speaker of the House has expressed concern over the multi-family property tax exemption for years. That may be why the bills, while approved by strong margins in the Senate, have not yet advanced in the House.

**Condominium Liability Act Reform Legislation:** [Senate Bill 5334](#), sponsored by [Sen. Jamie Pedersen](#) (D- Seattle), reforms the Condominium Liability Act and reflects months of stakeholder work. The bill would extend immunity from liabilities to officers and directors of homeowner's associations and clarifies that improvements to condominiums by a warranty dealer be made in accordance with generally applicable building codes in effect at the time of construction. In proceedings for breach/defects by the builder, the purchaser must prove that the alleged breach is: 1) more than technical; 2) significant to a reasonable person; and 3) has caused or will cause physical damage to the unit or common elements, has materially impaired the performance of mechanical, electrical, plumbing, elevator, or similar building equipment, or presents an actual, unreasonable safety risk to the occupants of the condominium. An amended version of the bill passed the Senate unanimously with some minor technical changes and the addition of language prohibiting the sale of a condominium unless all liens of the developer have been released, unless the unit is subject to a lien representing a common expense liability for which the purchaser agrees, in writing, to be responsible. The amendment also corrects the effective date to clarify that the act applies only to common interest communities created on or after July 1, 2018. The House Civil Rights & Judiciary Committee had a hearing on the bill on March 15th and the bill was voted out of committee unanimously on Friday, March 22 with an amendment, by Committee Chair Rep. Laurie Jinkins (D-Tacoma), which made some minor technical changes.

In addition, [House Bill 1576](#), sponsored by [Rep. Tana Senn](#) (D- Mercer Island), requires the board of directors of a condominium association to notify condominium owners and construction professionals to convene a meeting of homeowners to determine whether to bring forth action, and secure approval from a majority of homeowners before servicing summons. The House Civil Rights & Judiciary Committee amended the bill to change the title of "homeowners" to "unit owners" and establish several additional requirements for notice, and additional options for the voting process. This version of the bill passed the House 94-4. The bill received a hearing in the Senate Law & Justice Committee on Tuesday, March 19 and is scheduled for executive session on Thursday, March 28 at 10:00am.

**Accessory Dwelling Unit Regulation:** [Senate Bill 5812](#), sponsored by [Sen. Guy Palumbo](#) (D- Maltby), as originally drafted would have preempted city authority to regulate accessory dwelling units (ADUs). The bill passed out of the Senate with an amendment that exempts any city with an ordinance as of the effective date of the bill (July 2019) from the requirements of the bill. The bill would require those cities that are not exempt through the grandfather clause to:

- Allow either an attached or detached accessory dwelling unit on all single-family lots.
- Not have an owner-occupancy requirement.
- Not require off-street parking within one-half mile of a light right stop or transit stop that is scheduled for service every 15 minutes for at least 10 hours per day.

The current version of the bill outlines additional development standards that a city may vary from if the city adopts local findings explaining why the development standards do not work for the city. The bill has been scheduled for a public hearing in the House Local Government Committee on Wednesday, March 27 at 8:00am. At the public hearing, cities will advocate that the grandfather clause be included in any version of the bill that advances forward.

**Minimum density requirements:** [House Bill 1923](#), sponsored by [Rep. Joe Fitzgibbon](#) (D-Burien), would have required cities to select off a menu of options to increase density and increase housing affordability in their community. If a city doesn't select off the menu of options, the city is then required to update the housing element of their comprehensive plan and comply with new criteria provided for in the bill. If a city does neither, they are then ineligible for a series of grant programs (very similar to how a city would be treated if found noncompliant with the GMA). The bill was amended on the House Floor to make all of the provisions of the bill optional – rather than requiring cities to take action, it states that cities are *encouraged* to take action and passed 66 – 30 and has been scheduled for a public hearing in the Senate Housing Stability & Affordability Committee on Wednesday, March 27 at 1:30pm. On Tuesday, Rep. Joe Fitzgibbon is holding a stakeholder meeting to discuss future amendments to the bill.

### **Transportation & Infrastructure**

The House and Senate Transportation Chairs are expected to release their proposed transportation budgets this week. We will report on the funded included in these proposed budgets.

### **Tools for Cities**

We continue to work with legislators to ensure that as bills advance through the legislative session that “on balance” cities are out ahead. There are several bills that would negatively impact cities that continue to advance through the legislative process (highlighted below). Meanwhile, proposals such as Rep. Pollet's bill to remove the 1% property tax cap don't appear to be advancing through the legislative session. When budgets are released this week, they will indicate how cities will fair through the Public Works Assistance Account, Basic Law Enforcement Academy Funding, MRSC, and other SCA priorities.