



2021 SESSION REVIEW

Home Ownership

Key changes

- There are new requirements added to local government planning and building codes that will increase costs.
- A \$100 increase to the housing surcharge, making the document recording fee \$203.50 for the first page.

Background

As home values increase across the state, more individuals are priced out of the market and not able to purchase a home or have to move where they can afford a home (which may require a longer commute for work). Throughout session, the building industry said that every \$1,000 increase in the cost of building a new home prices more than 2,500 people out of the market to be able to buy a home.

Beyond supply and demand issues that impact housing availability and affordability, there are many factors that impact the cost of building and maintaining a home. The bills listed below change land-use planning, building codes, recording fees, and property taxes. Social justice efforts tend to add government bureaucracy that can increase costs on building homes, yet also provide legal structure or subsidies to low-income individuals so they can have stability in their housing. Energy efficiency and zero-carbon building protocols can also add costs to building structures that are not obvious.

Bills

- ✓ [House Bill 1410](#) (Volz) – **Reducing Tax Penalties.** This bill eliminates penalties for delinquent property taxes and reduces interest from 12 percent to nine percent for residential parcels with four or fewer units. *Passed the House 97-0-1. Signed by Governor. Effective January 1, 2022.*
- ✓ [House Bill 1438](#) (Orcutt) – **Expanding Eligibility for Property Tax Exemptions.** This bill expands the eligibility for property tax exemptions for service-connected disabled veterans and seniors by allowing deductions for common health care-related expenses. *Passed House 98-0. Signed by Governor. Effective July 25, 2021.*
- ✓ [House Bill 1277](#) (Ormsby) – **New \$100 Surcharge on Recorded Documents.** This bill establishes a new \$100 surcharge on recorded documents to fund a new eviction prevention rental assistance program that is estimated to generate an additional \$292 million per biennium. This is in addition to the \$85.50 already being charged related to planning, homeless housing, and assistance surcharges. *Passed House 57-39-2. Signed by Governor. July 25, 2021.*
- ✓ [House Bill 1220](#) (Pederson) – **Supporting Emergency Shelters and Housing Through Local Planning and Development Regulations.** This bill includes new mandates related to different types of permanent housing and emergency housing as part of the Growth Management Act. Each planning jurisdiction must identify local policies and regulations that result in racially disparate impacts, displacement, and exclusions in housing, including zoning that may have discriminatory effects. It must identify policies and regulations to begin to undo racially disparate impacts, displacement, and exclusion in housing caused by local policies. Corrective measures include inclusionary zoning, equitable development initiatives, tenant protections, and land disposition policies, among other things. *Passed House 57-40-1. Partially vetoed by Governor. Effective July 25, 2021.*

- ✓ [Senate Bill 5235](#) (Lias) – **Accessory Dwelling Units and Short-Term Rentals.** This bill modifies requirements related to owner occupancy of property with accessory dwelling units. It allows cities and counties to impose fees, impact fees, or taxes, or to waive such fees, to encourage the use of accessory dwelling units for long-term housing. Incentives can be offered that are linked to property owners agreeing to binding covenants that prevent usage as short-term rentals, among other less controversial changes. *Passed House 57-40-1. Partially vetoed by Governor. Effective July 25, 2021.*
- ✓ [Senate Bill 5141](#) (Saldana) – **Environmental Justice.** The Departments of Commerce, Ecology, Transportation, Health, Natural Resources, and Agriculture must adopt environmental justice implementation plans to engage with overburdened communities and vulnerable populations. Their policies must assist with the equitable distribution of environmental benefits, the reduction of environmental harms, and the identification and reduction of environmental and health disparities. These additional costs/considerations will appear in all contracts, grant awards, and statutory implementation materials which will trickle down into planning, permitting, and infrastructure development requirements. *Passed House 56-41-1. Signed by Governor. Effective July 25, 2021.*
- ✓ [Senate Bill 5287](#) (Das) – **Multi-Family Property Tax Exemption.** Establishes a 20-year property tax exemption for the creation of permanently affordable homes and extends a number of exemptions that were going to expire. *Passed House 81-16-1. Signed by Governor. Effective July 25, 2021.*
- ✗ [House Bill 1233](#) (Barkis) – **Allowing Limited Areas of More Intensive Rural Development (LAMRIDs).** This bill would have ended a systemic inequity caused by GMA that forces people in the rural areas to drive to urban areas for basic necessities. *Died in House Committee on Appropriations.*
- ✗ [House Bill 1099](#) (Duerr) – **Climate Change Mitigation as GMA Goal.** This bill would have added climate change mitigation as a planning goal. The Department of Commerce would create a set of actions for counties and cities to take to reduce greenhouse gas emissions and vehicle miles travelled, including a model climate change and resiliency element. *Passed House 56-41-1. Died during concurrence process.*
- ✗ [House Bill 1084](#) (Ramel) – **Building Code Decarbonization.** The governor's request bill would have required modifications to the state energy code to decarbonize residential and commercial buildings. *Died in Appropriations.*

Budget information

The operating budget ([Senate Bill 5092](#)) included **\$1.3 billion towards housing and homelessness programs** mostly funded by federal stimulus funding and the new \$100 document recording surcharge (\$292 million).

The capital budget ([House Bill 1080](#)) included:

- \$175 million for [the Housing Trust Fund](#)
- \$42 million for Utility Connection Fee Reduction grants to assist local governments with the cost of infrastructure associated with affordable housing projects
- \$10 million for weatherization grants to assist homeowners with upgrades to reduce heat loss
- \$10 million for the continuing affordability in current housing program to ensure affordable housing stays affordable; and
- \$5 million for the [rural rehabilitation loan program](#) that provides deferred loans to rural, low-income households that need necessary repairs and improvements to their homes.

Additional information

- Washington's Housing Affordability Index By County - <https://www.awbinstitute.org/indicator/housing-affordability-index/>
- Municipal Research Service Center - Affordable Housing [page](#)
- Department of Commerce's [page](#) on the Housing Trust Fund
- Washington State Housing Finance Commission page: <https://www.wshfc.org/>