Washington State Department of Commerce

Preparing to Build

New state actions to support more housing development

Em Stone, Anne Fritzel, and Laura Hodgson

GOVERNOR'S OFFICE AND COMMERCE GROWTH MANAGEMENT SERVICES

OCTOBER 22, 2026

Invest. Build. Serve.

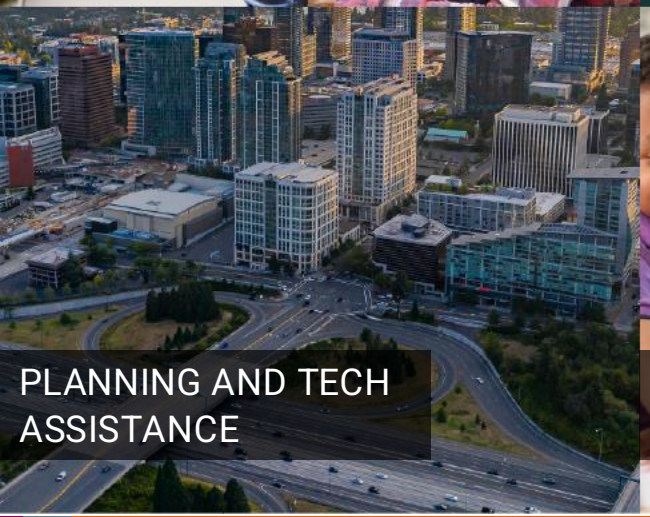
We foster resilient communities



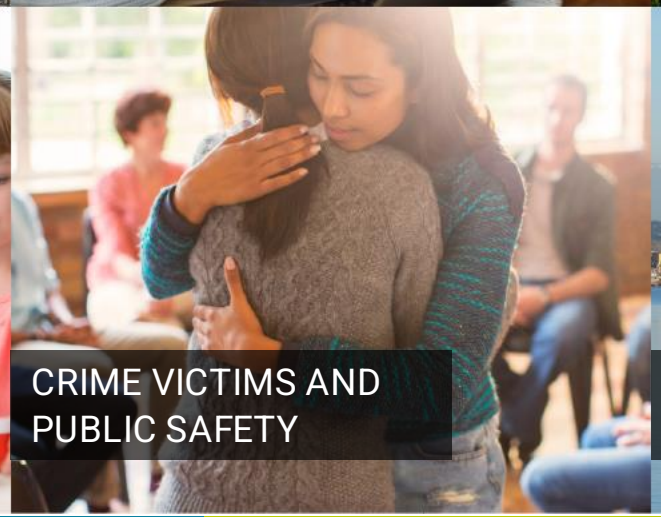














Speakers



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Agenda

- Governor's housing priorities and ongoing work
  - Housing Department Task Force
  - Governor's wildfire rebuilding update
- Statewide requirements to plan for affordable housing
  - Recent state laws allowing housing development
  - Housing planning accountability and data metrics
  - Incentives to support housing development
- Washington Accelerator for Residential Production (WARP)
- Questions & answers

Governor’s housing priorities and ongoing work

Housing Department Task Force

- In Dec. 2025, Governor Bob Ferguson created with the Washington State Task Force on establishment of a Department of Housing
- Task Force is charged with developing **recommendations for a new cabinet-level agency focused on:**
  - Expanding housing supply
  - Aligning state housing programs
  - Addressing housing needs across Washington
- By Nov. 2026, the Task Force will provide a report to the Governor and Legislature with recommendations



Housing Department Task Force

WHY THIS DEPARTMENT IS DIFFERENT

What the design changes

Owns the outcome

Accountable for whether enough housing gets built, on the dashboard it runs.

Problem solver

Starts from the problem and works to find a way to yes.

Data at the center

One statewide housing record, replacing fragments no one joins.

Research and innovation

Pilots, evaluation, and staged assessment of what comes next.

Rewards initiative

Studies jurisdictions that move ahead as well as those falling behind.

Lead agency model

One accountable agency; the partners that deliver housing stay in place.

Housing Department Task Force

STRUCTURE

A secretary and four divisions

Data and Performance

Holds the statewide data and the measurement that finds bottlenecks.

Research and Innovation

Runs pilots and evaluation; oversees what comes in next.

Problem Solving and Partnerships

The front door; routes problems and supports local partners.

Standards and Accountability

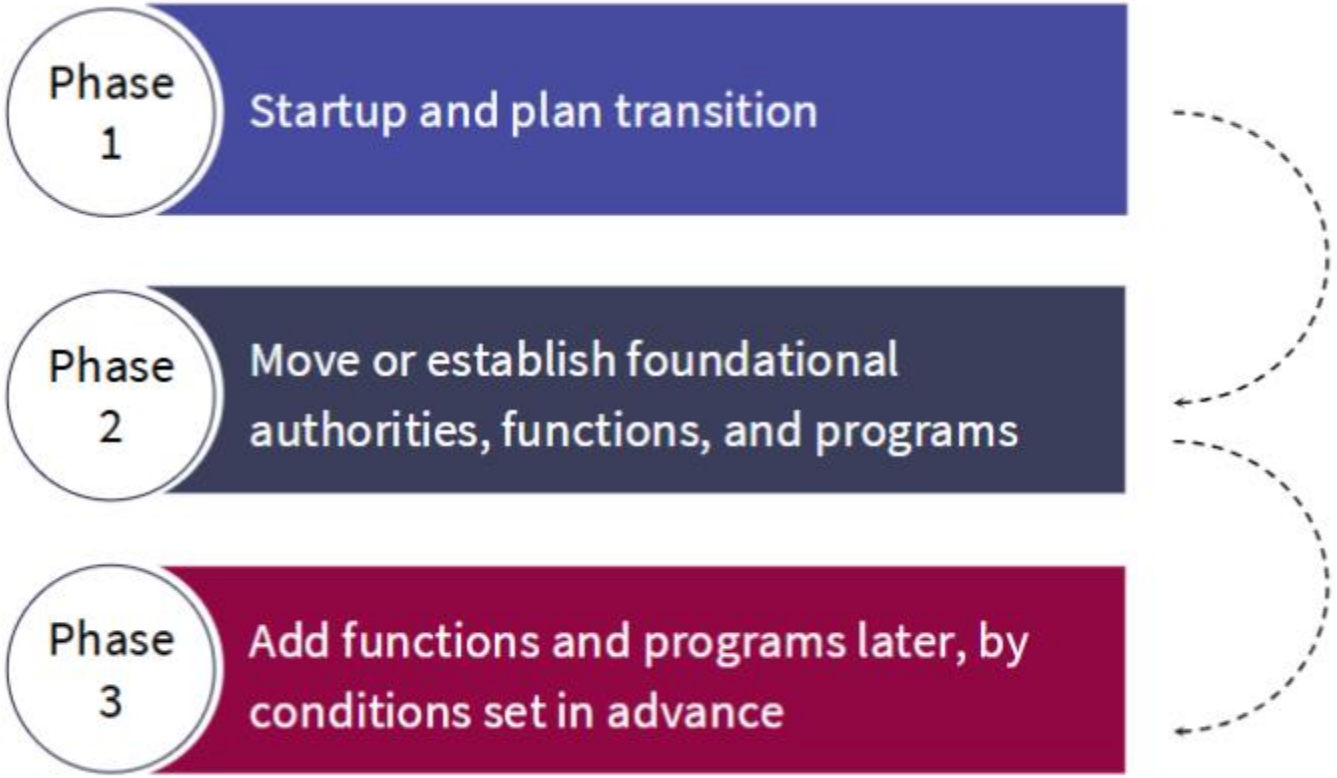
Targets and guidance tied to the strategic plan.

Office of the Secretary. A cabinet member who holds the strategy, chairs the housing council, and answers for the outcome.

Housing Department Task Force

The Task Force recommends a phased approach, because:

- Complexity,
- Risk of interrupting ongoing critical work,
- Potential impacts to end users of the system





Governor's wildfire rebuilding update

- Emergency Proclamation for 7 counties and 3 tribes
  - Stays on eviction writs
  - Statewide eviction moratorium for hosting wildfire victims/evacuees
  - Other renter protections, financial assistance, fee waivers, and legal document recovery
  - 60- and 90-day agency reports – regulatory barriers to rebuilding
- Long-term housing support
  - Sales & use tax rebate proposal
  - Residential energy code relief
- Federal Major Disaster Declaration
  - Public Assistance
  - Individual Assistance
- Commerce's Emergency Rapid Response: $1M to impacted tribal nations

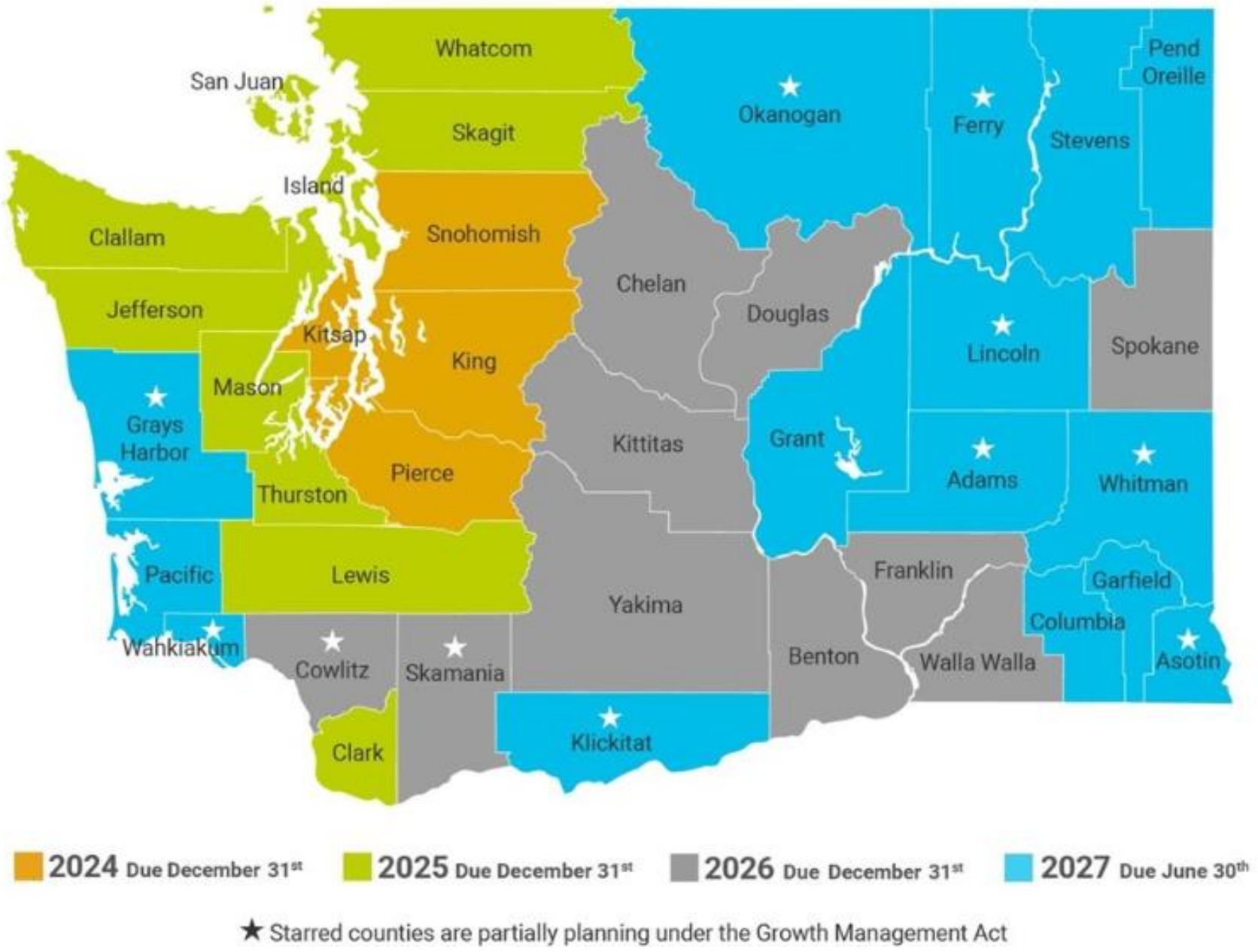
Statewide requirements to plan for affordable housing

- Recent state laws allowing housing development
- Housing planning accountability and data metrics
- Incentives to support housing development

Housing laws and support overview

- 2019–20: Grants for adopted actions in RCW 36.70A.610, or housing action plans
- 2021: New housing planning requirements, state sets targets
- 2021-22: More grants for housing planning
- 2023: New statewide housing laws (middle housing and ADUs)
- 2023: Permitting reform - specific permitting timelines
- 2024-27: Periodic updates to local plans, including funding
- 2024-26: More preemptive laws, including TOD and STEP
- 2025: Housing Accountability Act– state review of selected local plans
- Fall 2026: State Housing Department task force final report
- 2027: Housing accelerator project final report due

Local governments must update comprehensive plans and development regulations every 10 years



2021 New housing planning requirements

With 2024-2027 plan updates, fully planning Growth Management Act (GMA) cities and counties must:

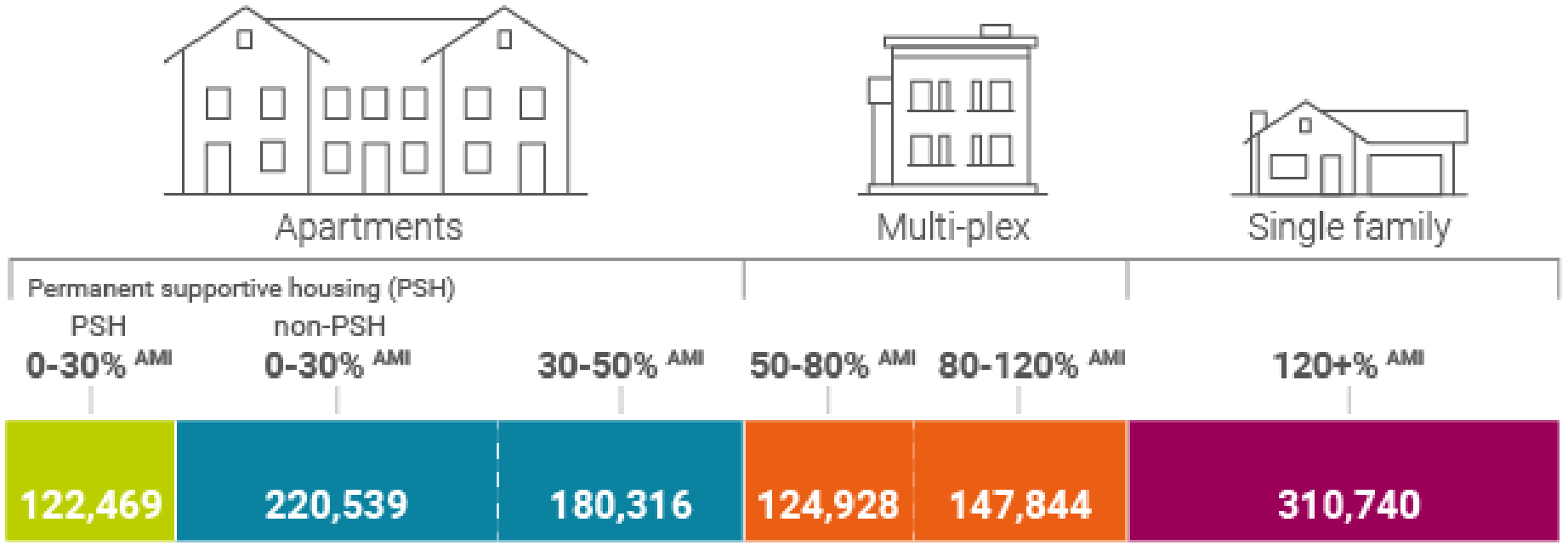
- **Plan for and accommodate** housing at all economic levels
  - Accept targets for moderate, low, very low, extremely low-income housing
  - Update zoning and ensure adequate land capacity to allow for a range of housing types in residential areas
- Identify barriers to housing and document programs and actions needed to achieve housing at all levels
- Make “adequate provisions” (take identified action) to create the opportunity for affordable housing
  - Reduce regulatory barriers (e.g., height, parking, setbacks), streamline permitting processes, charge proportional fees, consider incentives and local funding

RCW 36.70A.070(2)

Commerce projects statewide housing need for 2044

We need 1.1 million new homes (over 20 years)

Future housing needs broken down by area median income (AMI) groups



We also need 91,357 emergency housing beds over the next 20 years.

Countywide housing projections allocated to cities and towns, and county by income band



- More affordable housing tends to be smaller units and higher density housing
- Low-income households benefit from being near jobs, transit and services
- Outside urban growth areas - densities too low and distances to far for affordable housing

Removing barriers to affordable housing

- Jurisdictions need to identify barriers and actions to remove barriers
- Barriers should be evaluated in coordination with developers
- Jurisdictions must remove barriers in their development regulations with their plan update

Barrier	Action to address
Low heights	Increase heights
High parking minimums	Reduce or eliminate parking minimums
Lack of diverse housing types	Allow a variety of housing types

Barrier	Action to address
Long permitting timelines	Set and adhere to permitting timelines, hire staff
High impact fees	Proportional impact fees
Conditional use process	By-right approval processes

RCW 36.70A.070(2)(d)

New laws for infill development (pre-emptive)

- Must allow 2 ADUs per lot within urban growth areas - due with update
- Must allow middle housing (77 cities, policies for all others) - due with update
- Must allow unit lot subdivisions (separate sale of portions of parcels) - due June 2027
- Must allow co-living (SROs) where zoning is 6 units per lot - due June 2026
- Must allow residential uses in commercial and mixed-use, with limits on ground floor commercial - due June 2027
- Limits on how much parking may be required (cities over 30k population) – due 2027
- Transit-oriented development in station areas (38 cities) - due by December 2029







STEP must now be allowed

STEP: Shelters, **T**ransitional, **E**mergency and **P**ermanent **S**upportive **H**ousing

EHB 2266 (laws of 2026) requires cities, towns, and fully planning counties to:

- **Allow transitional housing or permanent supportive housing (PSH)** in any zones within an urban growth area in which residential uses or hotels are allowed
- **Allow new indoor emergency shelters and indoor emergency housing** within urban growth areas where hotels are allowed
- **Jurisdictions may not regulate STEP differently than housing or hotels**, except for limited cases for indoor emergency housing and indoor emergency shelter

The law must be implemented by June 2028 (unless upcoming periodic update).

However, it **becomes pre-emptive June 11, 2026.**

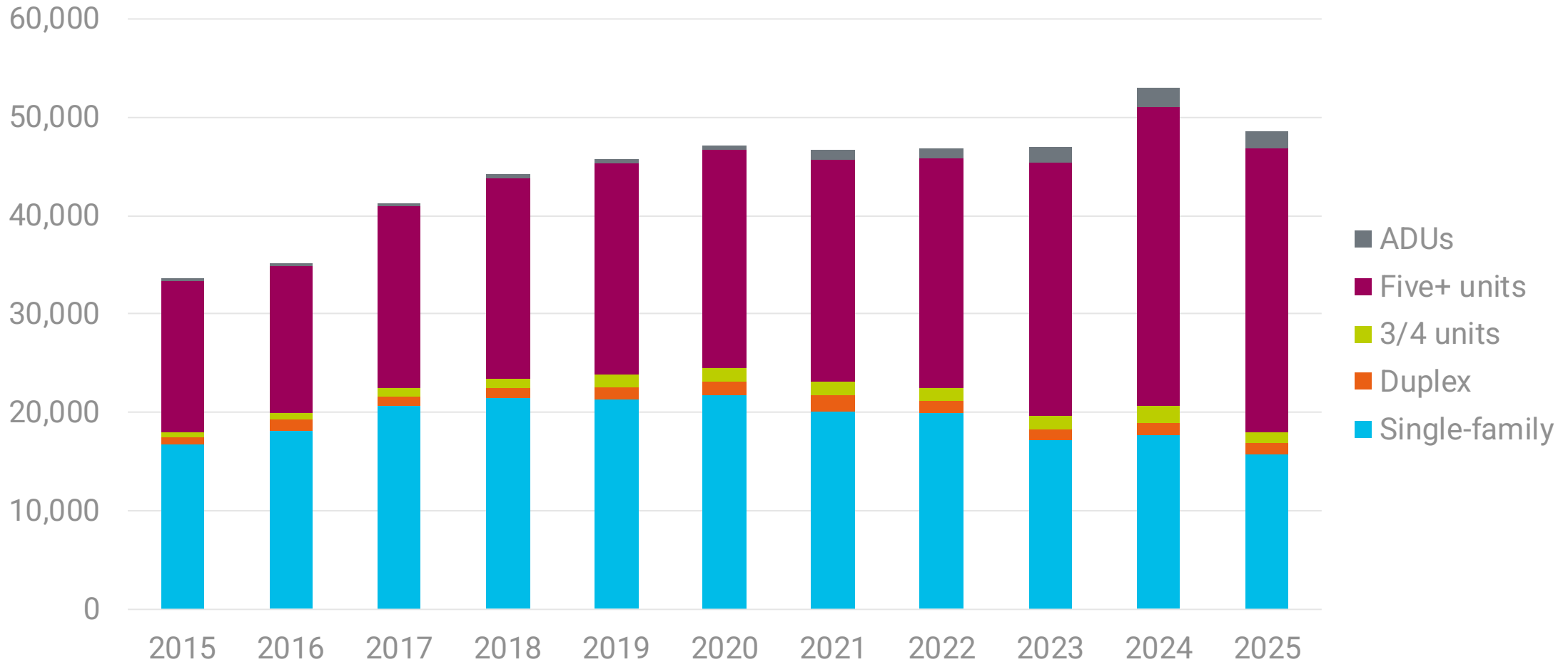
RCW 36.70A.845

Housing Accountability Act (HAA) and housing production tracking

- HAA adopted in 2025: new role for Commerce to act as a **judge for housing planning,** in addition to providing technical assistance
- Working with jurisdictions furthest behind on periodic updates or who volunteer
- Jurisdictions who are found out of compliance will be subject to the Builder's Remedy
  - Must allow affordable housing development
  - Local regulations must be waived if they impact viability of the project
- Additional housing data forthcoming:
  - County level housing production by income level compared to countywide housing needs
  - Implementation Progress Reports starting in 2029

RCW 36.70A.835

Development is moving towards a broader variety of housing



Source: April 1 intercensal estimates of population and housing, Office of Financial Management, April 1, 2025

Incentives

Property tax exemption under MFTE (statewide)



- Bonus densities
- Expedited project review
- Free or reduced cost land
- Reduced or waived utility connection fees
- Sales and use tax exemption for conversion of buildings

www.commerce.wa.gov/growth-management/housing-planning/affordable-housing-incentive-programs/

Grants and laws to improve local project permitting timelines

- Grants to update permitting systems, in some places from paper to digital
- Bills put strict timelines on permit processing times (SB 5290 (2023) and ESSB 5611 (2025))
- Since 2025, must report permitting timelines to Commerce
- Design review must be objective and administrative (SB 5412, laws of 2023)
- Updates to subdivision rules

Type of Review	Review Time Period
Project permits NOT requiring public notice	65 days
Project permits requiring public notice	100 days
Project permits requiring public notice and a public hearing	170 days

www.commerce.wa.gov/growth-management/gma-topics/local-project-review/

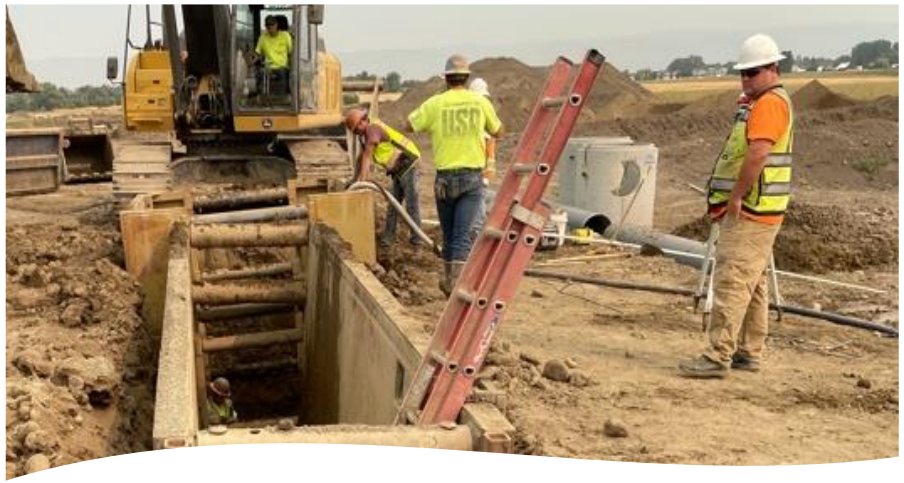
CHIP – funding infrastructure for affordable housing

Funds:

- **Water, sewer, stormwater infrastructure for projects with affordable units, and**
- **Connection fees for affordable units**

- 25% of units must be affordable to 80% AMI and under
- Affordable for 25 years

- Projects may be:
  - Mixed income
  - Rental or permanently affordable
  - Multifamily, townhouses, cottages



Connecting Housing to Infrastructure Program (CHIP)

https://www.commerce.wa.gov/growth-management/housing-planning/chip/

Washington Accelerator for Residential Production (WARP)

Washington Accelerator for Residential Production (WARP)

Project goals

- Identify and eliminate barriers to housing construction
- Address cost drivers to reduce the cost of building housing
- Accelerate development of housing
- Increase production of housing statewide
- Monitor production

Preliminary report: Oct 1, 2026
Final report: June 30, 2027

www.commerce.wa.gov/washington-accelerator-for-residential-production/

2026 Operating budget proviso
Section 1018, SB 6003

Commerce to engage with stakeholders:



1. Local governments

2. State agencies

- Revenue
- Labor and Industries
- Ecology
- Housing Finance Commission
- Office of Equity
- State Building Code Council
- Affordable Housing Advisory Board

3. Interest groups

- Nonprofit and for-profit housing developers
- Builders and building trades
- Real estate agents
- Landlords and tenants
- Home mortgage lenders
- Utility providers
- Public housing authorities
- A statewide association representing business
- An organization representing architects

The housing accelerator framework



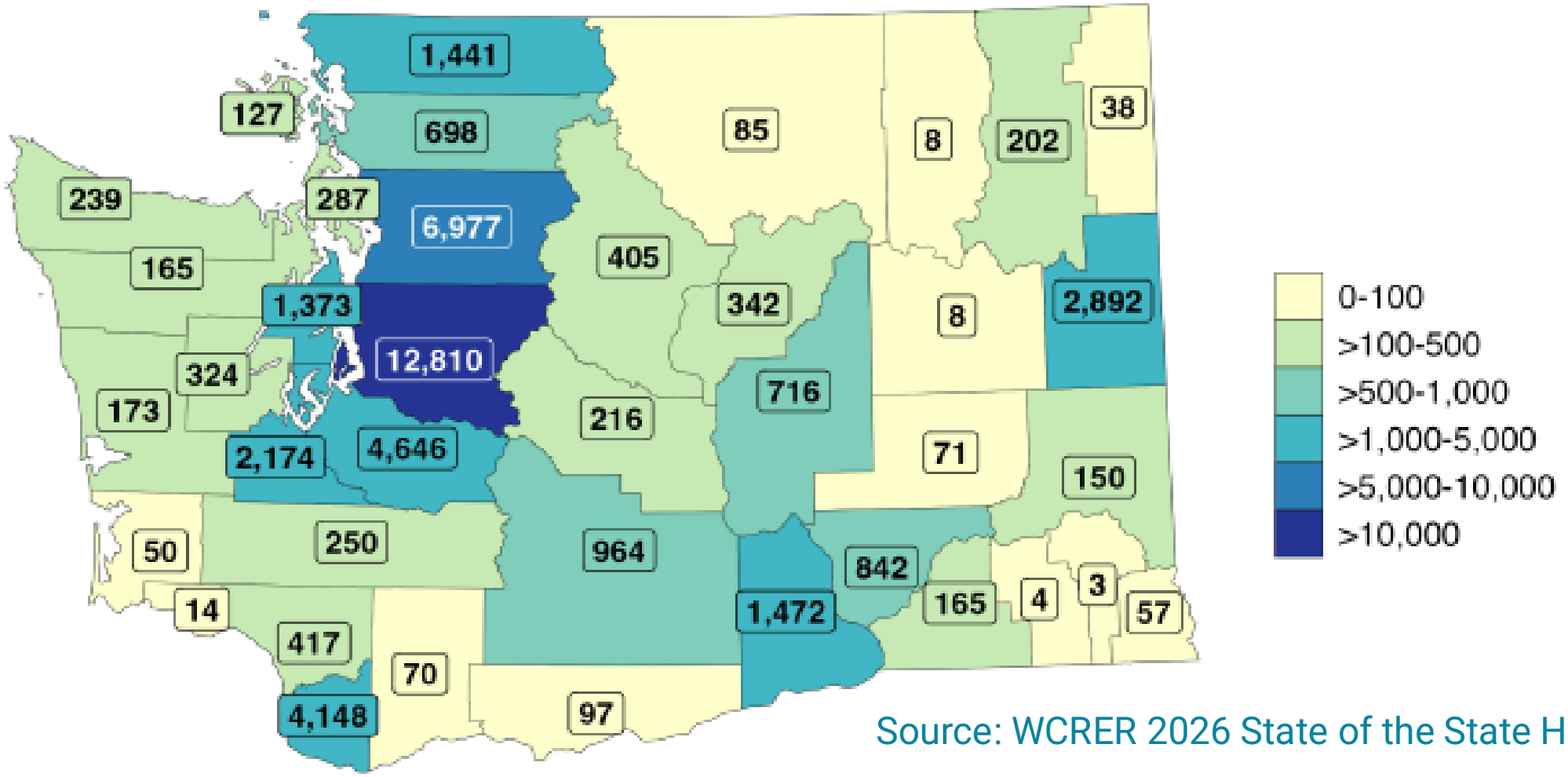
- Infrastructure
- Regulations and permitting
- Affordable housing funding
- Revenue for affordable housing
- Incentives to improve project feasibility
- Construction costs
- Innovative housing types
- Financing, legal, insurance, real estate, and taxes

Types of state options

- Authority for funding tools
- Administrative changes
- Technical assistance
- Changes to laws or new ones
- Funding priorities

Across all stages: **Housing data and accountability**

Projected annual housing needs per county



Source: WCRER 2026 State of the State Housing Report

Meetings July 2026 to March 2027

Affordable housing funding and compliance	Aug 11 - notes posted
Infrastructure	Sept 16 - notes posted
Housing data and accountability	Sept 23 - notes posted
Revenue for housing	Oct 13
Incentives and project feasibility	Nov 5
Regulations and permitting	Dec 3
Innovative housing types and tenures	Jan 6
Finance, legal, insurance, real estate, taxes	Jan 27
Construction cost drivers	Feb 10

For each topic

- Background information on how the system works now
- Recent laws on this topic
- Draft policy recommendations from
  - Existing reports
  - Executive Order 25-02 (state agency housing support)
  - Ideas submitted by email
  - Other broader research

How to participate:

- Sign up for the notifications list
- Sign up to participate in a convening
- Review and comment on materials, or
- Simply email in your best ideas to WARP@commerce.wa.gov

www.commerce.wa.gov/ washington-accelerator-for-residential-production/

Affordable housing funding

1. **Predictable and permanent funding stream for the Housing Trust Fund.**
2. **Leverage public-private partnerships to fund housing.**
3. **Periodically review and resolve conflicts among public funding requirements across state and local programs, and advocate for alignment with federal requirements where feasible.**
4. **Continue to provide resource guides and/or provide ongoing technical assistance for affordable housing developers.**
5. **Support multi-jurisdictional partnerships for affordable housing development.**
6. **Support programs that train emerging Black, Indigenous, and people of color (BIPOC) developers and address barriers to underrepresentation in housing development.**

Infrastructure

1. **Continue to fund the Connecting Housing to Infrastructure Program (CHIP)**
2. **Provide new or expanded funding for infrastructure improvements particularly higher-density housing development in high-growth areas**
3. **Coordinate transportation and utility infrastructure funding**
4. **Allow deferral of system development charges**
5. **Require system development charges (SDCs) be proportional to the impact of the housing unit**

Incentives to improve project feasibility

1. **Expand “parking to people”, (a sales and use tax deferral on materials and labor) to more jurisdictions**
2. **Create a tax-exemption similar to the state MFTE for new manufactured home community park creation**
3. **Extend eligibility for reseller permits to affordable housing developers**

Regulations and permitting

1. **Develop a centralized hub for state-approved permit-ready plans and require jurisdictions approve them**
2. **Create a master permitting approach for off-site construction.**
3. **Test and provide technical support for phasing and regulatory flexibility in stormwater requirements.**
4. **Exempt some projects from design review process to reduce time and uncertainty for developments**

Financial, legal, etc.

1. **Explore state override of HOA limitations on ADUs for the purpose of affordable housing**
2. **Support homeowners in building income-restricted ADUs through financial incentives**
3. **Support for mom and pop landlords to encourage ADU and homeshare rentals**
4. **State support and tools for unit lot subdivisions**
5. **Create a centralized inventory of affordable housing funding & financing opportunities**

Now,... pull our your Whova app!

- We'll share some ideas for state actions that can improve the amount and the speed of housing production.
- You vote for the ones you think would most likely increase the amount and speed of housing production.

How to follow the action?

- Check the web page for the latest materials
- Sign up for the GMS newsletter to get the latest updates
  commerce.wa.gov/growth-management
- Final report due out in June 2027

www.commerce.wa.gov/growth-management/housing-planning/

- 2019 – 2026 housing laws


Planning for Transit-Oriented Development


Updating GMA Housing Elements


Accessory Dwelling Units (ADUs)


Connecting Housing to Infrastructure Program (CHIP)


Affordable Housing Incentive Programs


Washington Accelerator for Residential Production


Planning for Middle Housing


Multi-Family Housing Property Tax Exemption Program (MFTE)


Housing Accountability Act


STEP Planning

Thank you!

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