



March 7<sup>th</sup> marked the end of the 2024 legislative session. After the Year of Housing in 2023, 2024 is perhaps better characterized as the Year of Micro-Housing. Despite some missed opportunities to make meaningful, long-term progress, this short session did see some key wins on affordable housing funding and our support policies.

First, we secured BIG investments in our State Housing Trust Fund for a supplemental budget year, adding on to the record \$400 million investments from 2024. The Capital Budget makes major investments in affordable homes, with **\$127 million for the Housing Trust Fund** (see how the Housing Trust Fund breaks down [here](#)). These investments include:

- \$24.3 million for affordable homeownership, including \$18.3 million in competitive funding.
- \$20 million for unsheltered homelessness.
- \$19 million for housing for people with developmental disabilities.
- \$17 million in competitive affordable rental housing funding.
- \$13.5 million to acquire and preserve manufactured housing communities.
- \$5 million for a new Affordable Housing Repair Fund.

The **Operating Budget** includes significant funding for homelessness and homeownership. Highlights include:

- Full backfilling of homelessness shelter services, which faced a significant budget shortfall due to reductions in document recording fee revenues.
- \$2 million for the Covenant Homeownership Account budget proviso, investing in affordable homeownership by supporting “by and for” developers and innovative solutions.

Alongside historic levels of funding, we saw some policy wins on HDC support bills.

## **Policy Wins**

- **Leasehold Excise Tax Exemption - HB 2003** creates a leasehold excise tax exemption when public lands are used for affordable housing, enabling a strategy for the Department of Natural Resources to lease land in urban areas for affordable housing.
- **Residential Building Code Reform - HB 2071** reforms the state building code to apply the Residential Code to multiplex housing (4-6 units) and allow for dwelling units smaller than the efficiency dwelling unit size.
- **Insurance Market Study - HB 2329** directs the Office of the Insurance Commissioner (OIC) to study the property and liability insurance available to housing providers serving extremely low

income people and receiving Housing Trust Fund resources. This is the first step towards policy solutions to address the availability of reliable and affordable property and liability insurance.

- **Co-Living – HB 1998** allows developers to build co-living housing (defined as residences with independently rented living/sleeping rooms and shared kitchen and/or bathroom facilities) in all areas that allow for multifamily residential housing.
- **Increased Parking Flexibility – SB 6015** lowers barriers to home production by increasing flexibility on parking requirements, notably stating that parking requirements are void if compliance with tree retention would otherwise make a proposed residential development or redevelopment infeasible.
- **Property Tax Exemption – HB 2012** expands the property tax exemption for nonprofit-owned affordable housing, to allow voter-approved levy lid lifts (such as the Seattle Housing Levy) and city or county funds to be qualifying funding sources.

### **Post-Session Strategy on Bills**

- **Affordable Homes Act - HB 2276** would have raised significant revenue for affordable housing by expanding the Real Estate Excise Tax. The amended bill adjusted the state-level REET tier rates and thresholds, generating \$200 million annually at the state level for housing. The bill failed to pass, after facing strong opposition from private developers and realtors, concerns that the bill would negatively impact real estate development activity, and a reluctance to pass a tax bill in an election year. HDC will reconvene our advocacy partners on the bill for a 2025 strategy, with a focus on pre-session conversations with swing lawmakers.
- **Construction Sales Tax Exemption – HB 2219** would have exempted non-profit affordable housing developments from the sales tax on construction materials. The bill failed to pass, given the difficulty in moving forward tax-related bills in a supplemental budget year and insufficient advance coordination with House and Senate leadership. Prospects for the bill in 2025 are strong, as backers of the bill coordinate with the necessary political actors.
- **Transit-Oriented Development – HB 2160** would have required cities to allow for midrise development near high-capacity transit, along with a requirement for 10% of the homes to be affordable at 60% AMI. The bill faced opposition from cities related to the scope and scale of the required upzones, and from private developers on the affordability requirement. It ultimately failed to pass out of the Senate Ways & Means Committee. HDC will focus our efforts over the next year on local implementation of the concept of transit-oriented development through Comprehensive Plan Updates, notably in Seattle and Bellevue.
- **Permanent Supportive Housing – HB 2474** would have restricted cities from rejecting permanent supportive housing developments. The bill failed to advance out of the Senate Committee on Local Government, after opposition from cities and an outpouring of sign-in cons from opponents activated by reactionary media.
- **Rent Stabilization – HB 2114** would have restricted annual rent increases to 7%, with exemptions for buildings less than 15 years old. The bill had more momentum this year and went further than rent stabilization policies ever had, passing out of the House, but it ultimately failed to pass out of the Senate Ways & Means Committee.