Memo

To: King County Affordable Housing Committee Members

From: Isaac Organista, Senior Housing Policy Analyst

cc: Housing Interjurisdictional Team

Date: October 31, 2025

Re: Revised Draft 2026 AHC State Legislative Priorities

In Brief

Over the past two months, the Affordable Housing Committee (AHC) reviewed potential state legislative priorities for 2026. On October 2, 2025, the AHC discussed a proposed amendment to add a new priority and directed AHC staff to incorporate it into a revised draft. On November 6, 2025, members will consider and potentially adopt the final 2026 AHC State Legislative Priorities. Committee members are encouraged to review the revised draft (Exhibit 1) and prepare additional amendments for discussion. Staff also prepared a comparison matrix (Exhibit 2) that highlights areas of alignment between the AHC's priorities and those of other housing-focused organizations.

Discussion

The AHC adopts state legislative priorities each year, consistent with its charter. The AHC provided feedback on draft 2026 AHC State Legislative Priorities at their last two meetings. At the October 2, 2025 meeting, members discussed a proposed amendment to add this policy to Priority 3:

> *"3.c. Support policies that lower barriers to housing of all types to increase supply and address King County's housing shortage."*

The amendment, which emphasize the need for increased housing supply serving all income levels, received broad support from members. Key points raised during the discussion include:

- the importance of addressing housing needs for households earning 0 to 30 percent area median (AMI);
- recognition that regulatory barriers affect both market rate and affordable housing developers;
- recognition that many regulatory barriers that drive up development costs are established at the local level--by cities and counties—not the state;
- a suggestion to explore alternatives to AMI, noting that prices have not declined in high-AMI areas despite efforts to lower housing production barriers.

What's Next

Upon adoption, AHC staff will publish the legislative priorities on the AHC webpage and the AHC Chair will email them to the state delegation representing King County communities prior to the start of the 2026 legislative session. Next year, AHC staff will brief the AHC on outcomes at the end of the legislative session.

Exhibit 1: Revised Draft AHC 2026 State Legislative Priorities

King County Affordable Housing Committee's

REVISED DRAFT 2026 State Legislative Priorities

The King County Affordable Housing Committee of the Growth Management Planning Council recommends actions and assesses regional progress to advance affordable housing solutions. The Committee brings together elected officials and subject matter experts from throughout King County to ensure these solutions are equitable and effective. The Committee acknowledges the scale of the affordable housing crisis. King County and the cities and towns within it cannot solve this crisis on their own. The organizations and jurisdictions the Committee represent work individually and collectively to provide a full range of affordable, accessible, healthy, and safe housing choices to every resident in King County. The Committee's adopted 2026 State Legislative Priorities call on the state government to rise to the challenge and enact legislation to help us continue to advance affordable housing solutions across King County.

1. **Grow and stabilize capital resources for affordable housing.**
    a. Create or authorize a fund source for affordable housing development and preservation that minimizes disproportionate burden on low-income households to the greatest extent possible and prepares for federal funding cuts.
    b. Continue to increase Housing Trust Fund investments, including support for repairs and rehabilitation of existing affordable housing buildings, and to continue to open more housing. Explore creation of a dedicated source of funding to support the Housing Trust Fund.
    c. Continue to fund the Connecting Housing to Infrastructure Program, which increases the viability of affordable homes by reducing the cost of infrastructure associated with the development of affordable housing.
    d. Provide capital funding for the creation of non-housing uses within affordable housing projects that serve low-income residents and the broader community.
2. **Increase and sustain operating resources for affordable and supportive housing projects.**
    a. Maintain Consolidated Homeless Grant funds at current levels and mitigate continued decreased local document recording fee collections, pandemic-linked federal funding that is ending, and other expiring funding sources to support housing projects for people who need supportive services.
    b. Restore operating, maintenance, and services funds for permanent supportive housing units developed through Apple Health and Homes to the degree possible to prevent delays or closures.
    c. Increase the flexibility of existing revenue tools used to fund affordable housing, including permitting House Bill 1406 revenue to be used for operations and maintenance costs for both new and existing affordable or supportive housing and House Bill 1590 revenue to be used for operations and maintenance costs for both new and existing units of affordable housing and facilities where housing-related programs are provided.

d. Bring care to people where they are. Invest in skilled, high intensity behavioral health care and supportive services tailored for people living in permanent supportive housing and people experiencing homelessness.

3. Maximize opportunities for King County residents to live in a home they can afford in the community of their choice.

   a. Create inclusive communities by expanding the locations where permanent supportive housing, transitional housing, emergency housing, or emergency shelter can be constructed, by reducing siting barriers.

   b. Support policies that expand access to land for affordable housing and prevent land speculation.

   c. Support policies that lower barriers to housing of all types to increase supply and address King County's housing shortage.

4. Maintain and deepen housing stability for renters.

   a. Maintain the Housing and Essential Needs program to keep up with rising rents for the lowest income community members.

   b. Maintain funding for legal assistance to help keep tenants housed.

   c. Ban discrimination against renters based on a prior criminal record.

   d. Limit Social Security Number requirements for prospective renters.

   e. Increase equitable opportunities for tenants to learn about and enforce their rights.

Exhibit 2: AHC 2026 State Legislative Priorities Alignment with Other Organization's Housing Priorities

To support Committee deliberations on the draft 2026 AHC State Legislative Priorities, staff prepared the following matrix comparing the AHC's draft priorities with those of other housing-focused organizations. The matrix highlights areas of alignment, shared policy interests, and complementary advocacy efforts across regional and statewide partners. Where applicable, it references specific bills, budget requests, or platform language from each organization's adopted or draft legislative agendas. The priorities for the Housing Development Consortium (HDC), A Regional Coalition for Housing (ARCH), and Puget Sound Regional Council's (PSRC) are still draft.

Draft AHC State Legislative Priorities	Organizational Alignment
1.a Create or authorize a fund source for affordable housing development and preservation that minimizes disproportionate burden on low-income households to the greatest extent possible and prepares for federal funding cuts.	**HDC:** HB 2027: Increase the real estate excise tax (REET) paid by sellers of mansions and dedicate the proceeds to affordable housing and HB 1867: Allow all counties to impose a 0.5% REET on the sale of properties and dedicate the proceeds to affordable housing **ARCH:** 1A: Provide a local option to establish a graduated local Real Estate Excise Tax (REET) for affordable housing **PSRC:** Create and sustain long-term funding sources to create and preserve housing for very low-income households and unhoused residents
1.b Continue to increase Housing Trust Fund investments, including support for repairs and rehabilitation of existing affordable housing buildings, and to continue to open more housing. Explore creation of a dedicated source of funding to support the Housing Trust Fund.	**HDC:** Fund the State Housing Trust Fund (HTF) at a historically high level, through the supplemental budget **Habitat for Humanity Seattle-King and Kittitas Counties (Habitat):** Increase funding for proven solutions like HTF and Connecting Housing to Infrastructure Program (CHIP) in order to facilitate more affordable housing and homeownership production
1.c Continue to fund the Connecting Housing to Infrastructure Program, which increases the viability of affordable homes by reducing the cost of infrastructure associated with the development of affordable housing.	**South King Housing and Homelessness Partners (SKHHP):** …fund aspects of affordable housing that include infrastructure around affordable housing developments **Habitat:** Increase funding for proven solutions like HTF and CHIP in order to facilitate more affordable housing and homeownership production

1.d Provide capital funding for the creation of non-housing uses within affordable housing projects that serve low-income residents and the broader community.	
2.a Maintain Consolidated Homeless Grant funds at current levels and mitigate continued decreased local document recording fee collections, pandemic-linked federal funding that is ending, and other expiring funding sources to support housing projects for people who need supportive services.	
2.b Restore operating, maintenance, and services funds for permanent supportive housing units developed through Apple Health and Homes to the degree possible to prevent delays or closures.	
2.c Increase the flexibility of existing revenue tools used to fund affordable housing, including permitting House Bill 1406 revenue to be used for operations and maintenance costs for both new and existing affordable or supportive housing and House Bill 1590 revenue to be used for operations and maintenance costs for both new and existing units of affordable housing and facilities where housing-related programs are provided.	**HDC:** Protect and expand funding for operations, maintenance, and services in permanent supportive housing **ARCH:** 1B: Share state revenues or provide other funding incentives for local jurisdictions to promote more affordable housing (e.g., expanding the HB 1406 sales tax credit)
2.d Bring care to people where they are. Invest in skilled, high intensity behavioral health care and supportive services tailored for people living in permanent supportive housing and people experiencing homelessness.	**Association of Washington Cities (AWC):** Support increased investments in community behavioral health treatment funding
3.a Create inclusive communities by expanding the locations where permanent supportive housing, transitional housing, emergency housing, or emergency shelter can be constructed, by reducing siting barriers.	**HDC:** HB 1195 – Reform siting, development permit processes and standards, and requirements for permanent supportive housing and temporary housing **Master Builders Association of King and Snohomish Counties (MBAKS):** HB 1010 - Streamline permitting for ADUs in rural areas to expand housing choices, support multigenerational households, and strengthen rural communities

	PSRC: Provide opportunities for residents to live in housing that meets their needs
3.b Support policies that expand access to land for affordable housing and prevent land speculation.	**HDC:** HB 1974 – Regional land bank **SKHHP:** …fund aspects of affordable housing that include land acquisition to secure permanent affordability **ARCH:** 2B: Support policies that expand access to land for affordable housing, such as land banking, expanded acquisition financing tools, surplus property policies, and local donations **AWC:** Explore options to disincentivize investor purchases that result in out-of-state ownership and increased costs
3.c Support policies that lower barriers to housing of all types to increase supply and address King County's housing shortage.	**MBAKS:** Oppose increases to fees, taxes, and housing costs **Habitat:** Pursue policies to help eliminate barriers to affordable housing production such as a Sales and Use Tax Exemption and Condo Liability Reform
4.a Maintain the Housing and Essential Needs program to keep up with rising rents for the lowest income community members.	
4.b Maintain funding for legal assistance to help keep tenants housed.	
4.c Ban discrimination against renters based on a prior criminal record.	
4.d Limit Social Security Number requirements for prospective renters.	
4.e Increase equitable opportunities for tenants to learn about and enforce their rights.	

Recommendations to the 2025 State Legislature

Puget Sound Regional Council

The Puget Sound Regional Council (PSRC) supports adoption of state legislation that advances solutions to achieve a thriving, racially equitable and sustainable Puget Sound region through leadership, visionary planning, and collaboration.

Keep the Region Moving Safely

VISION 2050 and the Regional Transportation Plan lay out a foundation for completing regional transportation investments and future work to strengthen connections to and between the region's centers. PSRC is drafting a Regional Safety Action plan to help address the troubling increase in deaths and serious injuries on our roadways and to support the Washington State Strategic Highway Safety Plan, Target Zero. We urge transportation policies and investments prioritizing a Safe Systems Approach to eliminate or reduce the severity of crashes in our communities. PSRC supports:

- Sustaining the transportation investments made with Move Ahead Washington and the Climate Commitment Act and exploring stable new revenue sources to address declines in existing revenue, ensure projects of regional significance are built and fully fund maintenance and preservation.

- Developing an equitable road usage charge (RUC) system through the work of the Washington State Transportation Commission to generate necessary revenue to eventually replace the gas tax, fund the state's long-term transportation needs, including multimodal connections, and introduce revenue flexibility.

- Funding and policies to restore, improve and modernize the Washington State Ferries system to ensure reliable cross-sound service and reduce environmental impact.

Increase Housing Choices and Affordability

PSRC's Regional Housing Strategy identifies strategies to expand housing options, create greater affordability and promote fair and equal housing access to address the housing affordability crisis in our state. The PSRC region needs to build 620,000 more homes by 2044 and 50% of these homes need to be affordable to people earning less than half of the Area Median Income. Action is needed to address racially discriminatory housing policies and increase homeownership for Black, Indigenous and people of color (BIPOC) households.

To help address urgent housing needs in our state, PSRC supports creating a **housing research center** at the University of Washington to provide timely analysis and data driven research to help guide policymakers to adopt bold strategies to create more affordable homes.

PSRC also supports legislation and funding in three action areas:

- **Supply**: Build more housing of different types as soon as possible.
- **Stability**: Provide opportunities for residents to live in housing that meets their needs.
- **Subsidy**: Create and sustain long-term funding sources to create and preserve housing for very low-income households and unhoused residents.

Significantly Reduce Greenhouse Gas Emissions

VISION 2050 and the Regional Transportation Plan outline how state, regional and local partners can act in coordination to reduce emissions in the region and prepare for climate impacts. PSRC supports state legislation to respond to the urgent environmental, health, economic and equity threat of climate change through:

- Transit-focused land use.
- Multimodal transportation choices.
- Pricing the transportation system.
- Decarbonization of the transportation system, including improvements to freight and passenger vehicles and fuels.

Sustain a Strong Economy

VISION 2050 and the Regional Economic Strategy plan for economic growth and opportunity that creates widespread prosperity and living-wage jobs to help sustain the region's economy. PSRC supports continued investments in:

- Workforce development programs to meet the needs of employers and a growing economy, including electrification of the transportation system.
- Critical infrastructure to support economic development, including broadband.
- Clean energy industry technology like Sustainable Aviation Fuel (SAF), offshore wind, fusion, hydrogen and other emerging technologies.

For more information, please contact:

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Puget Sound Regional Council (PSRC) develops policies and coordinates decisions about regional growth, transportation and economic development planning within King, Pierce, Snohomish and Kitsap counties. PSRC is composed of nearly 100 members, including the four counties, cities and towns, ports, state and local transportation agencies and Tribal governments within the region.

HOUSING DEVELOPMENT *consortium*

2026 State Legislative Session Priorities

HDC works at all levels of government, including the local, state, and federal level to enact our advocacy agenda. At the state level, HDC invites you to join us as we advocate for and support the following policies in the 2026 legislative session.

Increase Funding for Affordable Homes

- **Fund the State Housing Trust Fund (HTF)** at a historically high level, through the supplemental budget.
- **HB 2027 - Affordable Homes Act.** Increase the REET paid by sellers of mansions and dedicate the proceeds to affordable housing.
- **HB 1867 – Local Real Estate Excise Tax (REET) for affordable housing.** Allows all counties to impose a 0.5% REET on the sale of properties and dedicate the proceeds to affordable housing.
- **HB 1717 – Affordable housing sales and use tax remittance.** Establishes a process for affordable housing developers to receive a 50% reimbursement from the sales & use tax on construction materials. The other 50% would be distributed to the city or county that has authorized the sales tax remittance to use for affordable housing activities.

Build Equitable, Sustainable, and Complete Communities

- **HB 1974 - Regional land banking.** Regional land banks (RLBs) are designed to assemble, hold, improve, and distribute land so that builder/developers with capacity can build units priced for affordability to low- and moderate-income households. Core duties of RLBs would include acquiring, managing, and distributing publicly- or privately-owned land (properties where public infrastructure investments have been made or properties that are tax distressed or blighted) and redevelopment-ready public surplus land to create mixed-income communities that blend affordability with market-rate units.
- **HB 1859 – Mixed-income housing on faith-owned land.** Expands opportunities for mixed-income and affordable housing developments on properties owned by religious organizations. Decreases the affordable housing set-aside requirement from 100% at 80% of Area Median Income (AMI) to 50% at 80% of AMI, allowing a broader range of projects to feasibly move forward.

Build Equitable, Sustainable, and Complete Communities, cont.

- **Condo liability reform.** Trailer bill to HB 1403 to expand eligibility for express warranties to buildings with more than 2 stories of residential use. Create a third-party warranty program alternative.

- **State Building Code Performance-Based Code –** Create a unified regulatory framework for middle housing buildings, ranging from 1 to 24 units. Creates a parallel framework that expands design flexibility while maintaining life safety and regulatory standards. The goal is to open the door to more innovative, context-sensitive design solutions, while preserving the option of compliance under existing prescriptive building code.

- **Fast Track WA –** Time-limited pilot program, with the state partnering with willing jurisdictions to streamline up to 10 housing projects and up to 1000 units, with targeted affordability and development types. The program would seek to reduce costs and accelerate housing development by waiving barriers to construction. The pilot will create a variety of "case studies" that will be used to form long-term housing policy.

Ensure Housing is Healthy, Stable, and Safe

- Protect and expand funding for **operations**, **maintenance**, **and services in permanent supportive housing.**

- **HB 1195 – Reforming siting, development permit processes and standards, and requirements for permanent supportive housing and temporary housing.** Prohibits a city or county's from denying or precluding a permit application for permanent supportive housing, transitional housing, indoor emergency housing, or indoor emergency shelter (STEP housing). Requires a city or county to use an administrative process for reviewing a project permit application for STEP housing.

Keep up-to-date with HDC's policy work and the latest actions you can take to advance and support affordable housing throughout Washington State.

housingconsortium.org/advocacy

South King Housing and Homelessness Partners (SKHHP)

Auburn • Burien • Covington • Des Moines • Federal Way • Kent • Maple Valley • Normandy Park • Renton • SeaTac • Tukwila • King County

Who We Are

Formed in 2019 by an Interlocal Agreement, we are a collaboration between 11 South King County cities and King County united under the common goal to ensure the availability of housing for all income levels of residents in South King County. We achieve this through a focus on the production and preservation of affordable housing, partnership with public and private organizations, pooling and sharing resources, and advancing housing policies.

Purpose

Create a coordinated, comprehensive, and equitable approach to increasing housing stability, reducing homelessness, and producing and preserving quality affordable housing in South King County.

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Legislative Priority

South King County is facing a growing affordable housing crisis. In order to address this crisis, we need to fund aspects of affordable housing that include:

- Homeownership for moderate income households and below
- Preservation of naturally occurring affordable housing (NOAH)
- Land acquisition to secure permanent affordability
- Permanent supportive housing (PSH)
- Infrastructure around affordable housing developments
- Workforce housing; especially smaller sized units below 60% AMI and family sized units at all income levels

Our Work

SKHHP member cities pool funds to support the production and preservation of affordable housing in South King County through the SKHHP Housing Capital Fund. Funding supports the needs of low-income households up to 60% of area median income. Funding priorities include projects that advance racial equity, geographic distribution, economic opportunity, and more. Since 2022, SKHHP has funded the development or preservation of **584 units of affordable housing** in South King County through **pooling over $14.5 million from 11 cities.**

Victorian Place II – Des Moines

- Rehabilitation of 20 rental units
- Serving households at 35-50% AMI
- $777,306 SKHHP award

Rehabilitation completed July 2025

Burien Miller Creek – Burien

- Construction of 40 homes for owner-occupancy
  - 20 homes for households at an average 50% AMI
  - 20 homes for households at 80% AMI
- $855,000 SKHHP award

Anticipated completion Q1 2026

Burien Family Housing – Burien

- Construction of 90 rental units at 30-60% AMI
  - 34 units set aside for families exiting homelessness
  - 9 units set aside for households with a physical disability
- $3,093,308 SKHHP award

Groundbreaking September 2025

Future Projects

- White River Apartments: 24-unit rehab in Auburn, $775,000 award
- Skyway Affordable Housing: 54-unit new construction for homeless families, $2,800,000 award
- Pandion at Star Lake: 125-unit new construction in Kent, $1,940,000 award
- Kent Multicultural Village: 231-unit new construction, $1,000,000 award

Draft ARCH Priorities for the 2026 WA State Legislative Session

Background

ARCH's 2024 Strategic Plan elevated state and regional policy and funding engagement as a critical focus area to build more affordable housing faster. In particular, the Strategic Plan prioritized *"Coordination of Legislative Advocacy: Support coordination of legislative advocacy in areas supported by members and pursue opportunities to advocate as a coalition."*

ARCH members agreed to the following legislative priorities for the 2025 Legislative Session:

Note: this was achieved in '25 via HB 1791

- Priority 1: Increase funding for affordable housing at the state and local level and through local options, such as changes to real estate excise tax (REET). Specific proposals include:
    a) Allow greater flexibility in existing REET revenues to be dedicated to affordable housing, including through regional efforts such as ARCH.
    b) Direct the Department of Revenue and other relevant agencies to explore and direct what would be necessary for a graduated local option REET for affordable housing.

- Priority 2: Continue to reduce barriers and support local efforts to build more affordable housing faster, such as:
    a) Provide policy and funding support to promote affordable housing development on properties owned by religious organizations.

2026 Prioritization Process

ARCH staff requested meetings with ARCH members to develop priorities for the 2026 Washington State Legislative Session. In addition, ARCH met with several partners to get their input on potential legislative priorities. Below is a summary of these meetings:

- **Completed meetings with ARCH members**: Bellevue, Kirkland, Sammamish, Medina, Kenmore, Bothell (sent written priorities), Woodinville, Clyde Hill, Redmond, and King County.
- **Completed meetings with ARCH partners**: Housing Development Consortium, Washington Low Income Housing Alliance, Sound Cities Association, Association of Washington Cities, and Habitat for Humanity Seattle-King & Kittitas Counties (8/20).
- **Completed interjurisdictional meetings**: ARCH Liaisons meeting on 8/24.

Overarching themes from these conversations included:

- **Funding:** The continued importance of a reliable source of funding for affordable housing was a consistent theme, especially as jurisdictions are tasked with meeting deeper levels of affordability. Members were cautious about any funding requests given State budget constraints and the cascading effects of federal funding cuts. Other stakeholders touched on the importance of State funding for operations and services given prospective cuts to Medicaid that could exacerbate challenges for affordable housing providers.
- **State Mandates:** Members stressed the need for more time to implement all the recently adopted legislation and assess results before adding new State mandates. Many

emphasized the need to avoid one-size fits all approaches, maintain local control and/or give local jurisdictions alternative options to meet their obligations.

- **Land Opportunities:** Members discussed a variety of opportunities and challenges to unlocking land for affordable housing, including faith-owned land as well as public and nonprofit owned land.

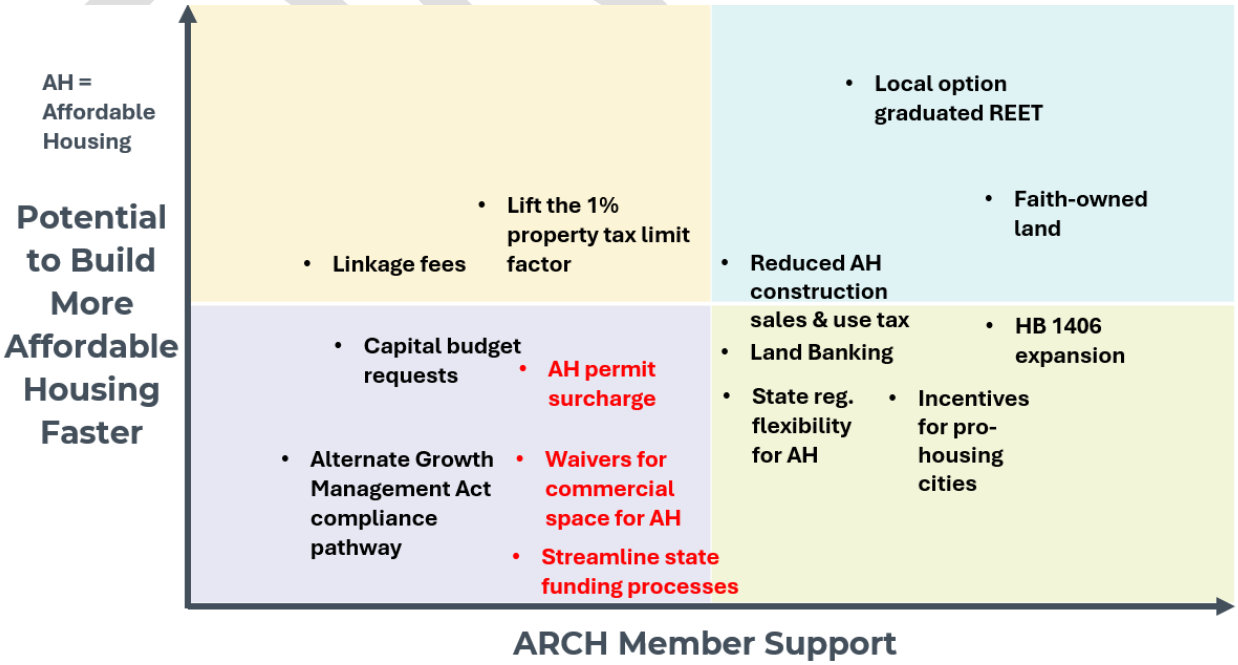
Potential 2026 Legislative Priorities

Throughout ARCH's outreach process, staff compiled a running list of policy topics that emerged during member and partner outreach, as follows:

- Local option graduated REET (carryforward from 2025 priorities)
- Faith-owned land (carryforward from 2025 priorities)
- Capital budget requests
- HB 1406 sales tax credit expansion
- Incentives/carrots for cities that pursue more affordable housing
- Linkage fees
- Lift the 1% property tax cap
- Alternate Growth Management Act compliance pathway via fees
- Affordable housing construction sales & use tax remittance.
- Land Banking
- Amend existing state laws to allow greater flexibility or waivers for affordable housing projects (e.g., tree retention, critical areas, stormwater requirements, etc.).
- Create an affordable housing permit surcharge.
- Streamline state funding processes.
- Allow waivers for commercial space for affordable housing and/or provide options for financing affordable commercial space within housing developments.

Analysis of Potential 2026 Legislative Priorities

To assess these policy topics, ARCH staff analyzed the level of ARCH member support and the policy's estimated potential to build more affordable housing faster, as described below:



Red text indicates policies that were introduced at the end of outreach and not vetted by all parties.

As a result of ARCH staff's outreach and analysis, below are draft legislative priorities for 2026 organized by the same overarching priorities for 2025.

ARCH Priority 1: Increase funding for affordable housing at the state and local level

1A: Provide a local option to establish a graduated local Real Estate Excise Tax (REET) for affordable housing.

1B: Share state revenues or provide other funding incentives for local jurisdictions to promote more affordable housing (e.g., expanding the HB 1406 sales tax credit)

ARCH Priority 2: Continue to reduce barriers and support local efforts to build more affordable housing faster

2A: Establish development and tax incentives to support affordable housing on properties owned by religious organizations.

2B: Support policies that expand access to land for affordable housing, such as land banking, expanded acquisition financing tools, surplus property policies, and land donations.

In addition to these priorities, ARCH will be available to provide staff support for other legislative issues that directly impact ARCH member housing programs and projects, including support for individual jurisdictions that may be interested in seeking capital budget requests for local housing projects.

Appendix A: Draft Estimate of the Impact of Potential Funding-Related Proposals on the WA State Budget

Funding Proposal	Analysis of Impact on State Budget
New Local Option REET	Minimal impacts on the state budget. A local option REET would only affect revenue for local government and not reduce funding for the state.
HB 1406 Sales Tax Credit Expansion	In 2024, the state distributed $26.9 million to all the local jurisdictions that participated in the HB 1406 revenue sharing program. An expansion could enable some or all jurisdictions to be eligible for the 0.0146% rate, up from 0.0073%.
Capital Budget Requests	$1 to $5 million depending on the project Request could be as low as $250k if for pre-development funding
Affordable housing construction sales & use tax remittance	Fiscal note for HB 1717 (2025) estimated a decrease of $3.476 million in state revenues in fiscal year 2028, and $3.586 million in fiscal year 2029. However, the impact could be far more significant if implemented by jurisdictions with significant levels of affordable housing production. In King County alone, new construction projects that received State awards during the 2023-24 biennium represented over $30 million in sales tax revenue to the state.
Linkage fees	Minimal impact on the state budget. This would add clear authority for local governments to establish fees from commercial development based on their impact on demand for housing as measured through a nexus study.
Lift the 1% property tax limit factor	Minimal impact on the state budget. This would only affect local property tax revenues and not state-related property taxes.
Alternate Growth Management Act compliance pathway via fees	Mirroring a fee-in-lieu program, this proposal would have minimal impacts on state budgets and instead generate revenue for regional housing trust funds.
Faith-owned land with construction sales and use tax exemption	Fiscal note for HB 1859 (2025) estimated a decrease of $230,000 in state revenues in fiscal year 2027 and $351,000 in fiscal year 2028. This impact could potentially grow if more faith communities took advantage of the incentives to build affordable housing.
Land Banking	The revenue impact of land banking is indeterminate since DOR was unable to determine how many counties might authorize an entity to serve as a land bank. In terms of the proposal for the Washington State Housing Finance Commission to develop and administer a competitive grant program for Land Banks, the Commission is a non-appropriated, non-allocated agency, all costs associated with administering grant program will flow through the Commission's operating funds, therefore the Commission believes it has no fiscal impact on the state's budget.

Appendix B: Draft Details on Potential ARCH Legislative Priorities

ARCH Priority 1: Increase funding for affordable housing at the state and local level

1A: Provide cities an option to establish a graduated local Real Estate Excise Tax (REET) for affordable housing

Local governments may impose a local REET that is in addition to the state REET. Currently, the local REET is assessed at a fixed rate and, unlike the state REET, does not vary depending on the selling price of the real estate. HB 1791 enabled existing REET revenues to be used for affordable housing, but did not add create any additional revenue. State law currently allows a voter-approved 0.5% REET for affordable housing in counties that have already approved a 1.0% REET for conservation (only San Juan county is eligible). HB 1480 (2025) would have expanded this authority to all counties. Other recent bills that were proposed but not adopted included provisions to increase the state REET on higher value properties and add a councilmanic 0.25% local REET for affordable housing.

Giving local governments the opportunity to impose a graduated local option REET could generate revenue for local governments for affordable housing while minimizing impact on lower value real estate transactions. In 2025, ARCH's legislative priority was to direct the Department of Revenue to study this concept. For 2026, ARCH is recommending that the legislature directly pass a graduated local REET option.

1B: Share state revenues or provide other funding incentives for local jurisdictions to promote more affordable housing (e.g., expanding the HB 1406 sales tax credit)

Sharing state sales taxes and/or remitting sales taxes could be "carrots" to reward local jurisdictions that are actively increasing the supply of affordable housing.

HB 1406 (2019-2020) allowed local jurisdictions (cities and counties) to collect a portion of the state sales and use tax to fund affordable or supportive housing for a period of 20 years, with collections capped based on fiscal year 2019 revenues. The consumer does not pay any additional tax, and the effective sales tax rate remains the same. Instead, this tax is credited against the 6.5% state sales tax. Local jurisdictions that opted in were allowed to retain 0.0073%, or 0.0146% if the jurisdiction had a qualifying tax in place as of the time the legislation was adopted. In 2024, the state distributed $26.9 million to all the local jurisdictions that participated in the HB 1406 revenue sharing program (see DOR data). Expanding HB 1406 is a straightforward way to increase funding for affordable housing and incentivize jurisdictions to take other measures to support affordable housing production. The state could expand the conditions that allow cities and counties to be eligible for the higher rate, such as investment of local general funds in affordable housing, establishment of expedited permitting, or other conditions. Below are potential

revenues that could be generated if ARCH member jurisdictions could retain 0.0146% of state sales taxes rather than .0073%.

	Local revenue generated in 2021 using HB 1406 tax retention rate (.0073%)	Potential local revenue generated at .0146% retention rate (using 2021 state sales tax revenues)
Bellevue	$693,330.54	$1,386,661.08
Bothell/King	$138,158.92	$276,317.84
Clyde hill	$6,348.25	$12,696.50
Issaquah	$133,642.81	$267,285.62
Kenmore	$24,044.42	$48,088.84
Kirkland	$259,345.02	$518,690.04
Medina	$7,150.01	$14,300.02
Mercer Island	$40,084.50	$80,169.00
Newcastle	$12,399.43	$24,798.86
Redmond	$316,211.16	$632,422.32
Sammamish	$56,330.02	$112,660.04
Woodinville	$67,998.15	$135,996.30
Grand Total	$1,755,043.23	$3,510,086.46

HB 1717 (introduced but not passed in 2025) would have established a sales and use tax remittance program designed to fund affordable housing development. While this particular bill appeared complex to administer, the concept could be developed further to simplify administration and still provide worthwhile benefits.

ARCH Priority 2: Continue to reduce barriers and support local efforts to build more affordable housing faster

2A: Establish development and tax incentives to support affordable housing on properties owned by religious organizations

Existing law requires cities to allow an increased density bonus for 100% affordable housing on property owned by a religious organization. HB 1859 (2025) proposed affordable housing developed on property owned by a religious organization must maintain at least 50% of the development as affordable housing for low-income households. A planning city or county may establish policies to require a greater amount of affordable housing for a property to qualify for a density bonus. HB 1859 also included a tax exemption for labor, services, and tangible personal property that contributes to affordable housing on faith-owned land (specifically an exemption from RCW 82.08.020). HB 1859 did not pass in the 2025 State Legislative Session.

A version of HB 1859 will likely be introduced in the 2026 State Legislative Session. ARCH is interested in the following amendments to the 2025 substitute HB 1859:

- Include incentives for affordable home ownership
- Include grants for religious organizations to receive technical support to navigate the housing development process.

2B: Support policies that expand access to land for affordable housing, such as land banking, expanded acquisition financing tools, surplus property policies, and land donations.

Land is limited in the Puget Sound Region and it has some of the highest values in the state. A variety of tools and policies could be useful for the state to consider to unlock land for affordable housing.

- Land Banking: Land banks can serve as a vehicle for acquiring and holding land through the often lengthy period to assemble partners and financing for the development of affordable housing. When implemented well, land banks could reduce the cost of development and expand access to land for affordable housing developers. Acquisition financing strategies are also necessary to ensure that land banks don't simply compete with developers for existing limited resources. In addition, each community would need to evaluate costs versus benefits, and assess whether existing entities such as local housing authorities could more efficiently serve this purpose. HB 1974 (2025) included a proposal for land banking in Washington. This bill provides a Land Bank with priority access to surplus land and the ability to obtain tax foreclosed lands from the county before auction. And it requires the Washington State Housing Finance Commission to develop and administer a competitive grant program for Land Banks. This bill did not pass. Currently the City of Spokane is the only known jurisdiction in Washington with a land bank for affordable housing. If a version of HB 1974 is reintroduced in 2026, it would be beneficial to include more capital options, such as the ability to bond against state revenues.
- Expanded Acquisition Financing: Consider expanding the capacity of the Housing Finance Commission's Land Acquisition Program, or utilize the State's bonding capacity to support property acquisition.
- Surplus Property Policies: SHB 1774 passed in 2025. This law allows WSDOT to lease surplus land for community-centered purposes like housing and shelter, parks and public spaces, public transportation projects, and salmon habitat restoration. Instead of requiring full market rent, the state can now consider the social, environmental, and economic benefits that these projects bring to our communities. It is worth exploring broader policy concepts around prioritizing affordable housing in the disposition process.
- Land Donations: Design a structure for a private land contributions that could benefit the seller and reduce project costs.

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2026 AWC legislative agenda

The following items are the official 2026 City Legislative Priorities as adopted by the AWC Board.

2026 City Legislative Priorities

Enhance indigent defense: Increase state support and funding for indigent defense. Enhance state support for increasing indigent defense workforce.

Increase sustainability for local transportation preservation, maintenance, and operations needs: Advocate for sustainable revenue that supports local preservation, maintenance, and operations and includes direct distributions to cities and towns. Continue to work to improve traffic safety and explore revenue tools like a highway usage fee, a retail delivery fee, and expanded Transportation Benefit District (TBD) authority, as well as other funding options such as a "sidewalk utility."

Preserve state shared revenues: Preserve existing state shared revenues for cities and towns.

Improve housing supply: To help cities meet their goals for more housing affordability, cities need the state to provide the time to implement recent state housing legislation and, critically, provide new tools to increase housing investments. Cities need new investments and funding tools to meet the needs for affordable housing in cities large and small across the housing continuum, including construction and preservation of affordable housing, home ownership and senior housing, and support for tools such as updating UGA development, local option real estate excise tax and short-term rental taxes, and expanding use of lodging taxes for housing.

Issues that are significant to cities

- Increase revenue flexibility: Find opportunities to enhance existing revenue tools to make them more flexible and easier to implement including moving to more councilmanic options. Ensure a mix of local revenue options that are broad enough to meet unique community needs. Consider modifying the voter approved levy lid lift options to expand the maximum time that apply to the levy lid lifts. Continue to support revising the property tax cap.
- Public safety funding: Review new funding tools created in HB 2015 to ensure that they are effective and accessible for communities of all sizes. Continue to explore additional funding tools to support public safety.
- Support programs to reduce homelessness: Focus resources on programs that will help individuals access emergency shelter as well as permanent and supportive housing options. Focus on programs to reduce youth homelessness. Continue to support existing state funding for state right of way programs.
- Enhanced emergency management support: Support additional resources and technical assistance for emergency preparedness, disaster response, and long-term recovery
- Behavioral health treatment capacity: Support increased investments in community behavioral health treatment funding – both capital start-up and operational expenses; support expansion of continuum of treatment capacity, from crisis stabilization to inpatient to outpatient; support continued expansion of forensic behavioral health treatment capacity; Support substance abuse treatment and behavioral health crisis centers; provide more support for diversion programs and alternative response programs.
- Increase technical assistance and community engagement in land use: Focus state involvement on providing more technical assistance and preserving the importance of community engagement and

incentives. Avoid agency overreach that prioritizes state enforcement, redundancy, and substituting community engagement for bureaucratic process.

- Reduce costs and improve consistency in land use decisions: Reduce costs and improve consistency in land use by minimizing new mandates and providing more funding for implementing any state-mandated changes to land use and planning and permitting requirements. Allow for more time for implementation of recent changes.
- Updating UGA development: Ensure better coordination of development standards in unincorporated UGAs and cities to facilitate future annexations. Require county to apply city development standards in unincorporated UGA to facilitate future annexations. Explore opportunities to make it easier to make changes to UGA boundaries to support growth and housing targets.
- Nutrient General Permit for wastewater treatment: Ensure that any state efforts around developing the nutrient general permit are balanced between the benefits and the costs to local government and rate payers of wastewater systems. Update Marine Dissolved Oxygen science including update Marine DO Criteria last set in 1967.
- Infrastructure funding: Provide direct and meaningful state investment in local infrastructure for operations and maintenance of aging systems, including keeping up with state regulatory requirements. Preserve reliable revenue streams for the Public Works Assistance Account and fully fund the account.
- PFAS: Seek local liability protection for PFAS contamination and treatment. Seek additional investments and technical support for cities and towns responding to PFAS detection and contamination.
- Fish barrier removal (Culverts): Include local barrier correction in state investments and fully fund the Brian Abbott Fish Barrier Board list. Oppose diversion of existing local infrastructure funding to state culvert replacement.
- Support capital facilities planning: Provide more technical assistance and resources for capital facilities planning and assessing funding needs.
- Public records and public safety tools: Support efforts to limit release of data and images collected by automated license plate readers and other public safety camera systems to protect privacy and preserve this cost-effective public safety tool.
- Preserve public employer management rights: Protect against efforts to reduce management rights in collective bargaining, particularly efforts to impede a city's right to make decisions about expenditures, programs and new technology.
- Reduce inefficient and costly requirements: Find opportunities to reduce inefficient, costly, and outdated requirements and reports.

Issues that cities support

- Tax code structural changes: Support efforts to review and revise both state and local tax structures such that they rely less on regressive revenue options and recognize the unique aspects of different communities (i.e. border communities). Changes to the state tax structure should not negatively impact cities' revenue authority and should allow cities revenue flexibility to address their community's needs.
- Alternative Response programs: Support continued and expanded operational grant funding, as well as dedicated ongoing operational funding for co-response, municipal therapeutic courts, community courts, and diversion programs.
- Crime reduction: Support additional prosecutorial and law enforcement resources to address retail theft. Support efforts to prevent and address juvenile crime, including expansion of juvenile behavioral health treatment capacity. Support efforts to reduce gun violence.
- Support encampment mitigation: Advocate for resources similar to those used in state right of way to mitigate unsanctioned encampments located on city-owned and private properties.
- Streamlining state permitting/regulatory requirements: Explore changes to state permitting/regulatory requirements that are impacting housing development.
- Expand tax incentive for redeveloping surface parking lots: Expand existing tax incentive for redeveloping parking lots for affordable housing so that it is available to cities and towns of all sizes.

- Preserve mobile home parks: Advocate for more funding to support preservation and development of mobile home parks.
- Disincentivize investor residential purchases: Explore options to disincentivize investor purchases that result in out-of-state ownership and increased costs.
- Incentivize condominium development: Support efforts to expand development of condominiums as more affordable home-ownership options.
- Publicly owned land available for housing: Look for opportunities to reuse state owned land for housing. Explore expanding use of eminent domain for housing development.
- Alternative affordable housing options: Provide cities with more flexibility to regulate health and safety around temporary housing uses like RVs.
- SEPA and state permitting: Work on policy changes that provide clarity and certainty within SEPA, Shorelines and state permits without lessening any environmental protection measures.
- Balanced state regulatory requirements: Ensure state regulatory requirements are balanced and take into account the cost impacts on local governments and tax and ratepayers.
- State highways in cities & towns: Increase maintenance funding of state highways in cities and towns and avoid shifting these costs to local jurisdictions.
- Reduce city liability exposure: Seek opportunities to reduce liability exposure and reduce costs of litigation and insurance.
- Public Records: Continue to pursue changes to reduce the impacts of vexatious litigation.
- Public notice requirements: Provide more flexibility for public notice requirements given the cost of publication and limited reach. Allow cities to rely on more modern forms of communication.
- Update local government ethics code: Update local government ethics code to make it more consistent with state officials' ethics requirements.
- Audits and accountability: Provide more support for technical assistance and training around misuse of public funds. Explore options to reduce the costs of audits.
- Increase digital equity and accessibility statewide: Advocate for statewide funding that supports affordable connectivity and policies that increase digital literacy and adoption.
- Improving contracting and procurement: Improve efficiency and cost effectiveness in local bidding, contracting, and procurement.

2026 STATE LEGISLATIVE PRIORITIES

MASTER BUILDERS ASSOCIATION of King and Snohomish Counties

SUBDIVISION REFORM & STREAMLINING

Modernize subdivision laws by making pre-application meetings optional, requiring administrative approval of plats, and allowing concurrent review of plats and construction plans. These reforms will cut review times, reduce builder risk and costs, free up staff resources, and expand infill housing opportunities. (HB 1818; SB 5633)

CLEAR & OBJECTIVE DEVELOPMENT STANDARDS

Ensure local development regulations are clear, objective, and free from subjective interpretation. This creates faster, more predictable, and less costly permit approvals. (SB 5613)

SELF CERTIFICATION & REVIEW CYCLES

Allow licensed professionals to self-certify code compliance and avoid redundant third-party reviews. Cap project reviews at three cycles when requirements are met, preventing costly delays. (SB 5729)

RURAL ACCESSORY DWELLING UNITS (ADUs)

Streamline permitting for ADUs in rural areas to expand housing choices, support multigenerational households, and strengthen rural communities. (HB 1010)

BUILDING CODE REFORMS

Rebalance the Building Code Council's membership and pause frequent code updates. Reducing regulatory churn will stabilize costs and improve housing affordability.

OPPOSE INCREASES TO FEES, TAXES, & HOUSING COSTS

Reject policies that raise housing costs through higher fees or taxes. Washington needs more homes people can afford—not added expenses that put homeownership further out of reach.

LEARN MORE ABOUT THE 2026 LEGISLATIVE PRIORITIES

We believe everyone deserves a place to call home.