



SPOKANE CITY COUNCIL

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July 3, 2024

Via Email

The Honorable Jay Inslee
Governor, State of Washington
PO Box 40002
Olympia, WA 98504-0002

RE: E2SSB 6175 Implementation and the DOR Rulemaking Process

Dear Governor Inslee,

Today, we are writing to ask you to consider taking bold action amidst the housing crisis by directing the Department of Revenue to expedite the rulemaking process and publish a finalized rules implementing SB 6175 before the end of this year.

Like many other communities across the state and region, Spokane is experiencing a housing crisis. Our community is in significant need of housing at all levels and our inability to meet the demand is at critical levels. To this end, Spokane has taken significant steps, especially emphasizing missing middle and in-fill development as a means to spur housing development at all levels in neighborhoods throughout the city.

You signed SB 6175 into law on March 28, and this essential tax incentive became law on June 6. However, before municipalities can implement its provisions, and before developers can begin the lengthy application process, the Department of Revenue must complete the related rule-making process. Sections 11 and 12 of the bill set forth specific requirements that must be satisfied with the Department, ostensibly after the Department adopts rules pursuant to Section 3 (13) of the bill. We urge you to direct the Department to conduct emergency rulemaking under RCW 34.05.350 or at least expedited rule-making pursuant to RCW 34.05.353. This is particularly justified given that the incentives offered under SB 6175 are very similar to those authorized under RCW 82.92, which is implemented under the Department's existing rules. In short, there is no need to "re-invent the wheel" when developing rules for the new program under SB 6175.

Our Spokane developers stand ready to convert existing buildings in our downtown core to new and affordable housing; however, based on the overly long proposed rulemaking timeline combined with unfortunate language within the new law regarding the timing of projects, we are concerned that developers are disincentivized from moving forward on projects that fall under this policy, effectively hitting "pause" on needed downtown housing developments that could be accelerated under this program.

A successful mitigation of this housing crisis will mean implementing new processes and innovative thinking to address our statewide problems head-on. Spokane has shown its ability to lead on housing policy and initiatives as demonstrated through the successful Building Opportunity and Choices for All Act. The Smart Cities award you presented to us earlier this year was a tremendous achievement for our City of Spokane planning staff and city leadership.

The undersigned members of the Spokane City Council thank you for your consideration. Again, for the sake of those needing affordable housing options in our community, we urge you to consider this critical request.