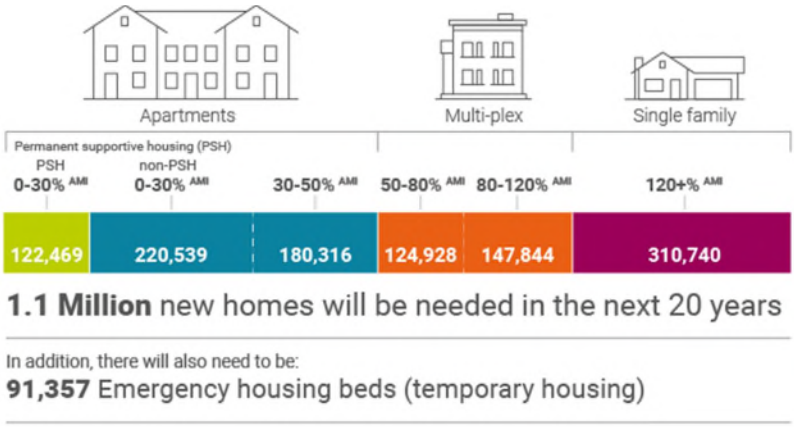
Planning for STEP Housing Types

There is **a critical demand for 1.1 million homes** in Washington over the next two decades, according to projections from the Washington State Department of Commerce. Of that 1.1 million, more than 600,000 homes need to be affordable for individuals at the lowest income levels (i.e., less than or equal to 80 percent of the area median income). In addition, if we do not build more affordable housing, we will need about 91,000 emergency housing beds in 20 years. Some of the housing for very low-income segments can collectively be called "STEP."

Future housing needs by area median income (AMI) groups



What is STEP?

Indoor emergency **S**helter, **T**ransitional housing, **E**mergency housing and **P**ermanent supportive housing

EMERGENCY SHELTER

a facility that provides a temporary* shelter for individuals or families who are currently experiencing homelessness. This includes day and warming centers that do not provide overnight accommodations. (RCW 36.70A.030(15))

TRANSITIONAL HOUSING

a project that provides housing and supportive services for up to two years (or longer) for individuals or families who are experiencing homelessness. The purpose of transitional housing is to facilitate the movement of people from homelessness to permanent housing. (RCW 84.36.043(3)(c))

EMERGENCY HOUSING

temporary* indoor accommodation for individuals or families who are homeless or at imminent risk of becoming homeless. It is intended to address the basic health, food, clothing and personal hygiene needs of individuals or families. (RCW 36.70A.030(14))

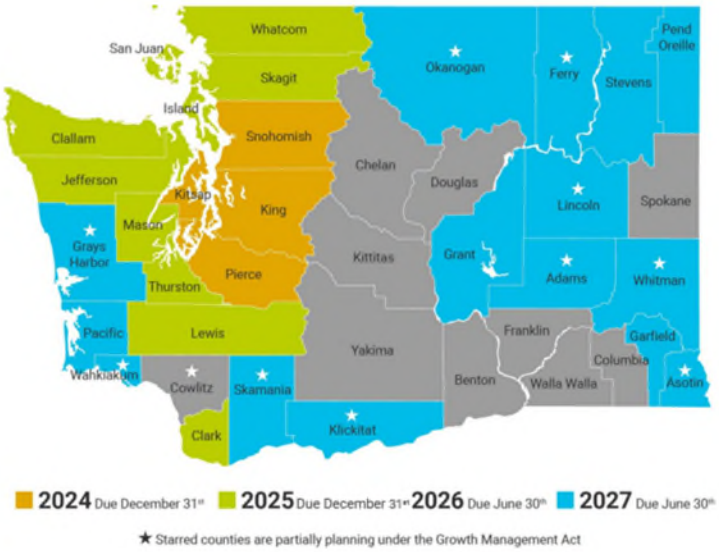
PERMANENT SUPPORTIVE HOUSING

subsidized, leased housing with no limits on length of stay. It is designed to support people who were experiencing homelessness or likely to experience homelessness before moving because of their complex and disabling behavioral health and physical health conditions. Residents are provided with support services, such as mental and physical health care and employment services, to help them stay housed. Permanent supportive housing often has less strict admissions criteria than other forms of housing, especially related to rental history, criminal history and personal behaviors. (See RCW 36.70A.030(31) for full definition)

*Temporary refers to the duration of residence for individual participants rather than the physical structure itself or the duration of land use.

How should my jurisdiction plan for STEP?

Cities and counties must plan for and accommodate housing affordable to all incomes in their 20-year comprehensive plans and development regulations. These housing needs are determined through a countywide process where each jurisdiction receives a share of the total countywide housing need. By their comprehensive periodic update deadline (see map), cities and counties must:



- Develop policies to plan for and accommodate housing affordable to all economic segments,
- Allow sufficient zoning capacity for these housing needs, including permanent supportive housing (PSH) and emergency housing,
- Identify barriers to the development of affordable housing and an action plan to remove these barriers, and
- Based on new state laws adopted in 2021, cities must not prohibit emergency housing and emergency shelters in all zones that allow hotels, and cities must allow permanent supportive housing and transitional housing in all zones that allow hotels and residential development.

Why Is STEP Such a Big Issue?

From 2007 to 2013, as rent prices surged and vacancy rates decreased, Washington experienced a dramatic increase in people experiencing homelessness. In 2021, Washington made changes to its state planning framework to address the need for more housing, including STEP. Local jurisdictions are currently working to implement these changes in their local regulations and comprehensive plans.

According to federal estimates, to afford rent for a two-bedroom home in Washington:

a household must have an annual income of **$75,556**

or an average hourly rate of **$36.33**

state minimum wage per hour – **$16.28**

FROM 2007-2023,
WASHINGTON EXPERIENCED A
19.9%
RISE IN HOMELESSNESS

Rent prices soared and housing vacancy rates dropped. However, at the same time, workforce participation grew, Gross Domestic Product grew and wages increased.

RISING RENTS AND A LACK OF
HOUSING SUPPLY
ARE THE CORE CAUSES OF
INCREASED
HOMELESSNESS IN THE STATE

Additional investments and system improvements at both state and local levels are needed to address this issue. Tackling the root causes of rent increases is crucial for effectively reducing homelessness.

Benefits of STEP

- Reduces the number of people living and sleeping in unsafe conditions and public spaces
- Helps various populations, including people who are currently homeless or housing insecure, formerly homeless aging adults, families with child welfare involvement, individuals with chronic patterns of homelessness, people involved with the justice system, and adults with intellectual and developmental disabilities.
- Provides tenancy support services to help vulnerable people maintain stable housing
- Connects participants to essential services such as health care, job opportunities and public benefit income
- Improves participants' mental and physical health through timely medical care
- Enhances participants' employment prospects and incomes and fosters social connections
- Reduces the likelihood of residents being incarcerated
- Decreases the public cost burden on other services, such as hospitals and emergency response, and therefore costs the same amount or less than its alternatives

Relevant Laws for Siting and Permitting STEP

Law	Relevance to STEP
Growth Management Act: RCW 36.70A.070(2)	Local governments fully planning under the Growth Management Act (GMA) must plan for and accommodate housing that is affordable to all income levels. Each jurisdiction is required to allow sufficient capacity for STEP in accordance with their share of countywide housing needs and make adequate provisions for these needs.
RCW 35.21.683 and RCW 35A.21.430	Cities must not prohibit indoor emergency shelters and indoor emergency housing in any zones in which hotels are allowed, and must allow permanent supportive and transitional housing in zones where residential dwelling units or hotels are allowed. The laws also limit the application of occupancy, spacing and intensity of use requirements for STEP.
RCW 36.130.020	Local governments may not impose requirements on an affordable housing development that are different from the requirements imposed on housing developments generally. Affordable housing includes permanent supportive housing and other types of subsidized and leased housing.
RCW 36.70A.545	Local governments fully planning under the GMA must provide density bonuses for any affordable housing, including STEP types with leases, on real property owned or controlled by a religious organization.
RCW 35.21.915, RCW 35A.21.360, and RCW 36.01.290	Local governments may not impose overly restrictive regulatory limits on encampments, safe parking, overnight shelters and temporary small houses on property owned or controlled by a religious organization.
RCW 36.70A.540	Local governments fully planning under the Growth Management Act (GMA) have the authority to offer incentives in exchange for providing development for low-income households.

Promising Practices for Planning for STEP

Allow STEP outright as a permitted use in designated zones. In some areas of Washington state, STEP is still listed as a conditional use. This means STEP projects face additional regulations that typically involve a longer local government review process and may also include a public input process that could delay permitting. The purpose of this process is to more carefully assess the development's potential impacts on traffic, noise, safety and community character before granting approval. To increase STEP, communities can allow these projects in certain zones without this additional process.

- ✓ Streamlines permitting
- ✓ Encourages STEP development
- ✓ Reduces work for local government staff

Reduce and clarify requirements to streamline permitting steps and reduce barriers for STEP development. Many local ordinances and regulations are not consistent with state law since they include occupancy, spacing and intensity of use[2] requirements for STEP that are not explicitly linked to public health and safety. Additionally, many communities impose potentially burdensome development, operating, facility, reporting, service and other requirements for STEP that differ from those for other similar residential dwelling types. When developing local ordinances and regulations, jurisdictions can limit additional requirements for STEP to speed up permitting, limit discretionary approval processes, reduce work for local government staff, support developers and help increase affordable housing and STEP production.

- ✓ Speeds up local processes
- ✓ Encourages STEP development
- ✓ Limits discretionary approval processes
- ✓ Reduces work for local government staff

Expedite permitting processes for STEP projects, thereby providing quicker, more predictable timelines that help prevent cost increases caused by project delays. Expedited permitting processes require sufficient staff, so jurisdictions interested in this strategy can start by assessing whether they need to hire additional employees to expedite reviews more efficiently.

- ✓ Provides quicker and more predictable development timelines
- ✓ Prevents cost increases caused by project delays

Provide land use and financial incentives to encourage more STEP production. Affordable housing and STEP developments face numerous challenges before they can reach the construction phase, and a lack of project financing is often one of the most significant barriers. To help STEP projects overcome this challenge, jurisdictions can play an important role by providing support through density bonuses, reduced or waived fees, regulatory exemptions, free or discounted land, grants or loans, tax exemptions, or other support.

- ✓ Keeps rents affordable for low-income households
- ✓ Increases STEP production

Encourage STEP development in locations close to healthcare services, transportation, jobs and other amenities to promote economic mobility and access to services. STEP housing is best suited for urban growth areas and cities, but may be appropriate in select Limited Areas of More Intense Rural Development (LAMIRDs) if enough support services, transportation and infrastructure services are available.

- ✓ Furthers sustainability
- ✓ Promotes inclusivity and accessible services
- ✓ Provides access to transportation
- ✓ Increases employment opportunities
- ✓ Enhances overall wellbeing

[2] Intensity with respect to STEP can refer to the density of people or services needed by participants in a single location or facility.