

*Land Use & Climate Change Advisory Committee*

# Background Paper: Recommendation Statement with Preliminary Cost Information State Environmental Policy Act (SEPA) Streamlining

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## **Recommendation 3**

**Encourage greater local government use of SEPA in a programmatic, non-project level that results in streamlining project-specific compact development in urban growth areas or urban centers.**

**This could be accomplished by:**

### Recommendation 3a

**Funding the Planning Environmental Review Fund (PERF) to increase local government use of environmental review under the State Environmental Policy Act (SEPA) in an upfront, programmatic manner.**

### Recommendation 3b

**Allowing local governments to charge a proportionate share of the costs associated with the upfront SEPA analysis (e.g. an Environmental Impact Statement or Planned Action) at the time of project review to proponents who benefit from the earlier SEPA review.**

### Recommendation 3c

**Amending statutes to improve use of programmatic SEPA review, such as thorough non-project Environmental Impact Statements and adoption of subsequent development regulations or through Planned Actions, to allow for more sustainable development and streamlined permitting and exemption from project level review and appeal.**

### Recommendation 3d

**Modify PERF criteria to encourage more compact and sustainable development is located in urban growth areas.**

The LUCC recommends the Washington State Legislature fund PERF, as allowed in RCW 36.70A.490 and 36.70A.500 to enable greater use of SEPA in a programmatic way and to incentivize compact development in urban growth areas. Upfront identification of likely adverse environmental impacts, analysis, and mitigation measures will result in greater certainty to the

public and development community, and can result in substantial permit streamlining at the project level. Once the mitigation measures are identified and written into the local government's development regulations, projects that fall within the scope of the anticipated land uses (and therefore impacts) would not be required to conduct further SEPA analysis. If a planned action is adopted using the environmental analysis, the developer would not have to conduct further SEPA analysis and would not be subject to SEPA appeal.

**General assessment of state and local resources needed, financial and otherwise, needed to fully implement the idea.**

It is assumed new selection criteria would be added to the statute to ensure that PERF funding would be used to incentivize compact development in urban growth areas. Criteria would be added to RCW 36.70A.500(4) regarding preference for proposals that ensure compact development. The criteria would include adoption of policies or programs in a comprehensive or subarea plan for achieving compact development.<sup>1</sup>

The PERF would be set up as a revolving loan fund instead of the current grant program to ensure a continued source of funding for environmental review. RCW 36.70A.500 could be amended to allow loans to local governments. Local governments would be allowed to charge developers a proportionate fee or "charge-back" for the up front environmental review for their project. Charge back fees would be used by the local government to repay the PERF loan.

If PERF criteria are amended in statute and the program is revised to set up a revolving loan fund, CTED would need to make revisions to the PERF rules in Chapter 365-185 WAC to ensure consistency.

PERF has not been funded since the mid 1990s. However, it should be clear that under this proposal, any new PERF funding would be directed to urban centers, which is different than how the laws are written today.

CTED estimates that 3 million dollars per biennium could fund approximately 15-20 projects.

It is not estimated that administrative costs to cities or counties, or to CTED, will be substantial.

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<sup>1</sup> Given that the Committee has not defined "compact communities" or the tools that would create them, other than TDRs, this is an example list of what tools might be recognized in the PERF statute. *Growing Cooler: The Evidence on Urban Development and Climate Change*, Urban Land Institute, 2008, states that:

[T]he term 'compact development' does not imply high-rise or even uniformly high density, but rather higher average "blended" densities. Compact development also features a mix of land uses, development of strong population and employment centers, interconnection of streets, and the design of structures and spaces at a human scale.