**5466-S.E AMH HOUS H1738.2 - NOT FOR FLOOR USE**

**ESSB 5466** - H COMM AMD

By Committee on Housing

**NOT CONSIDERED 01/02/2024**

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec.**  The legislature finds that the state has made groundbreaking investments in state-of-the-art mass transit and intermodal infrastructure. The legislature finds that to maximize the state's return on these investments, land use policies and practices must keep pace with progress being implemented in transportation infrastructure development. The legislature also intends new development to reflect the state's commitment to vibrant, walkable, accessible urban environments that improve health, expand multimodal transportation options, and include varied community facilities, parks, and green spaces that are open to people of all income levels.

The legislature recognizes that cities planning under chapter 36.70A RCW require direction and technical assistance to ensure the benefits of state transportation investments are maximized and shared equitably while avoiding unnecessary programmatic and cost burdens to local governments in their comprehensive planning, code enactment, and permit processing workloads. The legislature further recognizes that regulatory flexibility and local control are also important features of optimal planning outcomes.

NEW SECTION. **Sec.**  A new section is added to chapter 47.01 RCW to read as follows:

(1) The department must create a new division within its agency or expand an existing division within its agency to mediate or help resolve disputes between the department, local governments, and project proponents regarding land use decisions and processing development permit applications.

(2) The department must adopt any rules necessary to implement this section.

NEW SECTION. **Sec.**  A new section is added to chapter 43.330 RCW to read as follows:

(1) The department, in consultation with the department of transportation, must establish and administer a competitive grant program to assist in the financing of housing projects within station areas.

(2) Entities eligible to receive grant awards are state agencies, local governments, and nonprofit or for-profit housing developers. Eligible uses of grant awards include project capital costs and infrastructure costs and addressing gaps in project financing that would prevent ongoing or complete project construction.

(3) Eligible housing projects must meet the following requirements:

(a) Be within a station area;

(b) Comply with the applicable transit-oriented density;

(c) Produce at least 100 units of rental, shelter, or permanent supportive housing or at least 30 units of owner-occupied housing; and

(d) Include a covenant on the property requiring 100 percent of units remain affordable for at least 50 years for households with incomes at or below 60 percent of area median income for rental, shelter, or permanent supportive housing projects or at or below 80 percent of area median income for homeownership projects.

(4) The department must prioritize eligible projects by occupancy date, with a target occupancy date of December 31, 2025. The department must also consider the following criteria when prioritizing projects:

(a) Have a high concentration of units affordable to households with incomes at or below 50 percent area median income;

(b) Do not include costs related to land acquisition;

(c) Include land acquired at a reduced price or without cost;

(d) Abide by antidisplacement measures, if appropriate;

(e) Submitted by community-based housing developers; or

(f) Include units with additional bedrooms or intended for occupancy by families with multiple dependents.

(5) The department may adopt any necessary rules to implement the competitive grant program under this section, including any additional project eligibility criteria and prioritization criteria.

NEW SECTION. **Sec.**  A new section is added to chapter 43.330 RCW to read as follows:

(1) The transit-oriented development housing partnership account is created in the custody of the state treasurer.

(2) Revenues to the account must consist of appropriations by the legislature and any gifts, grants, donations, or other private contribution received by the director for the purposes set forth in subsection (3) of this section.

(3) Expenditures from the account may be used only for administration of the competitive grant program under section 3 of this act, including any technical assistance provided by the department to eligible entities.

(4) Only the director or the director's designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures.

**Sec.**  RCW 36.70A.030 and 2021 c 254 s 6 are each amended to read as follows:

Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

(1) "Adopt a comprehensive land use plan" means to enact a new comprehensive land use plan or to update an existing comprehensive land use plan.

(2) "Affordable housing" means, unless the context clearly indicates otherwise, residential housing whose monthly costs, including utilities other than telephone, do not exceed thirty percent of the monthly income of a household whose income is:

(a) For rental housing, ((~~sixty~~)) 60 percent of the median household income adjusted for household size, for the county where the household is located, as reported by the United States department of housing and urban development; or

(b) For owner-occupied housing, ((~~eighty~~)) 80 percent of the median household income adjusted for household size, for the county where the household is located, as reported by the United States department of housing and urban development.

(3) "Agricultural land" means land primarily devoted to the commercial production of horticultural, viticultural, floricultural, dairy, apiary, vegetable, or animal products or of berries, grain, hay, straw, turf, seed, Christmas trees not subject to the excise tax imposed by RCW 84.33.100 through 84.33.140, finfish in upland hatcheries, or livestock, and that has long-term commercial significance for agricultural production.

(4) "City" means any city or town, including a code city.

(5) "Comprehensive land use plan," "comprehensive plan," or "plan" means a generalized coordinated land use policy statement of the governing body of a county or city that is adopted pursuant to this chapter.

(6) "Critical areas" include the following areas and ecosystems: (a) Wetlands; (b) areas with a critical recharging effect on aquifers used for potable water; (c) fish and wildlife habitat conservation areas; (d) frequently flooded areas; and (e) geologically hazardous areas. "Fish and wildlife habitat conservation areas" does not include such artificial features or constructs as irrigation delivery systems, irrigation infrastructure, irrigation canals, or drainage ditches that lie within the boundaries of and are maintained by a port district or an irrigation district or company.

(7) "Department" means the department of commerce.

(8) "Development regulations" or "regulation" means the controls placed on development or land use activities by a county or city, including, but not limited to, zoning ordinances, critical areas ordinances, shoreline master programs, official controls, planned unit development ordinances, subdivision ordinances, and binding site plan ordinances together with any amendments thereto. A development regulation does not include a decision to approve a project permit application, as defined in RCW 36.70B.020, even though the decision may be expressed in a resolution or ordinance of the legislative body of the county or city.

(9) "Emergency housing" means temporary indoor accommodations for individuals or families who are homeless or at imminent risk of becoming homeless that is intended to address the basic health, food, clothing, and personal hygiene needs of individuals or families. Emergency housing may or may not require occupants to enter into a lease or an occupancy agreement.

(10) "Emergency shelter" means a facility that provides a temporary shelter for individuals or families who are currently homeless. Emergency shelter may not require occupants to enter into a lease or an occupancy agreement. Emergency shelter facilities may include day and warming centers that do not provide overnight accommodations.

(11) "Extremely low-income household" means a single person, family, or unrelated persons living together whose adjusted income is at or below ((~~thirty~~)) 30 percent of the median household income adjusted for household size, for the county where the household is located, as reported by the United States department of housing and urban development.

(12) "Floor area ratio" means a measure of transit-oriented development intensity equal to building square footage divided by the developable property square footage. Developable property excludes lots with critical areas or their buffers as designated in RCW 36.70A.060, as well as public facilities including streets, roads, highways, sidewalks, street and road lighting systems, traffic signals, domestic water systems, storm and sanitary sewer systems, parks and recreational facilities, and schools.

(13) "Forestland" means land primarily devoted to growing trees for long-term commercial timber production on land that can be economically and practically managed for such production, including Christmas trees subject to the excise tax imposed under RCW 84.33.100 through 84.33.140, and that has long-term commercial significance. In determining whether forestland is primarily devoted to growing trees for long-term commercial timber production on land that can be economically and practically managed for such production, the following factors shall be considered: (a) The proximity of the land to urban, suburban, and rural settlements; (b) surrounding parcel size and the compatibility and intensity of adjacent and nearby land uses; (c) long-term local economic conditions that affect the ability to manage for timber production; and (d) the availability of public facilities and services conducive to conversion of forestland to other uses.

((~~(13)~~)) (14) "Freight rail dependent uses" means buildings and other infrastructure that are used in the fabrication, processing, storage, and transport of goods where the use is dependent on and makes use of an adjacent short line railroad. Such facilities are both urban and rural development for purposes of this chapter. "Freight rail dependent uses" does not include buildings and other infrastructure that are used in the fabrication, processing, storage, and transport of coal, liquefied natural gas, or "crude oil" as defined in RCW 90.56.010.

((~~(14)~~)) (15) "Geologically hazardous areas" means areas that because of their susceptibility to erosion, sliding, earthquake, or other geological events, are not suited to the siting of commercial, residential, or industrial development consistent with public health or safety concerns.

((~~(15)~~)) (16) "Long-term commercial significance" includes the growing capacity, productivity, and soil composition of the land for long-term commercial production, in consideration with the land's proximity to population areas, and the possibility of more intense uses of the land.

((~~(16)~~)) (17) "Low-income household" means a single person, family, or unrelated persons living together whose adjusted income is at or below ((~~eighty~~)) 80 percent of the median household income adjusted for household size, for the county where the household is located, as reported by the United States department of housing and urban development.

((~~(17)~~)) (18) "Minerals" include gravel, sand, and valuable metallic substances.

((~~(18)~~)) (19) "Moderate-income household" means a single person, family, or unrelated persons living together whose adjusted income is at or below 120 percent of the median household income adjusted for household size, for the county where the household is located, as reported by the United States department of housing and urban development.

((~~(19)~~)) (20) "Permanent supportive housing" is subsidized, leased housing with no limit on length of stay that prioritizes people who need comprehensive support services to retain tenancy and utilizes admissions practices designed to use lower barriers to entry than would be typical for other subsidized or unsubsidized rental housing, especially related to rental history, criminal history, and personal behaviors. Permanent supportive housing is paired with on-site or off-site voluntary services designed to support a person living with a complex and disabling behavioral health or physical health condition who was experiencing homelessness or was at imminent risk of homelessness prior to moving into housing to retain their housing and be a successful tenant in a housing arrangement, improve the resident's health status, and connect the resident of the housing with community-based health care, treatment, or employment services. Permanent supportive housing is subject to all of the rights and responsibilities defined in chapter 59.18 RCW.

((~~(20)~~)) (21) "Public facilities" include streets, roads, highways, sidewalks, street and road lighting systems, traffic signals, domestic water systems, storm and sanitary sewer systems, parks and recreational facilities, and schools.

((~~(21)~~)) (22) "Public services" include fire protection and suppression, law enforcement, public health, education, recreation, environmental protection, and other governmental services.

((~~(22)~~)) (23) "Recreational land" means land so designated under RCW 36.70A.1701 and that, immediately prior to this designation, was designated as agricultural land of long-term commercial significance under RCW 36.70A.170. Recreational land must have playing fields and supporting facilities existing before July 1, 2004, for sports played on grass playing fields.

((~~(23)~~)) (24) "Rural character" refers to the patterns of land use and development established by a county in the rural element of its comprehensive plan:

(a) In which open space, the natural landscape, and vegetation predominate over the built environment;

(b) That foster traditional rural lifestyles, rural-based economies, and opportunities to both live and work in rural areas;

(c) That provide visual landscapes that are traditionally found in rural areas and communities;

(d) That are compatible with the use of the land by wildlife and for fish and wildlife habitat;

(e) That reduce the inappropriate conversion of undeveloped land into sprawling, low-density development;

(f) That generally do not require the extension of urban governmental services; and

(g) That are consistent with the protection of natural surface water flows and groundwater and surface water recharge and discharge areas.

((~~(24)~~)) (25) "Rural development" refers to development outside the urban growth area and outside agricultural, forest, and mineral resource lands designated pursuant to RCW 36.70A.170. Rural development can consist of a variety of uses and residential densities, including clustered residential development, at levels that are consistent with the preservation of rural character and the requirements of the rural element. Rural development does not refer to agriculture or forestry activities that may be conducted in rural areas.

((~~(25)~~)) (26) "Rural governmental services" or "rural services" include those public services and public facilities historically and typically delivered at an intensity usually found in rural areas, and may include domestic water systems, fire and police protection services, transportation and public transit services, and other public utilities associated with rural development and normally not associated with urban areas. Rural services do not include storm or sanitary sewers, except as otherwise authorized by RCW 36.70A.110(4).

((~~(26)~~)) (27) "Short line railroad" means those railroad lines designated class II or class III by the United States surface transportation board.

((~~(27)~~)) (28)(a) "Station area" means all parcels that are:

(i) Fully within an urban growth area; and

(ii) Fully or partially within:

(A) One-half mile walking distance of a stop on a high capacity transportation system funded or expanded under chapter 81.104 RCW, a commuter rail stop, or a stop on rail or fixed guideway systems, including transitways; and

(B) One-quarter mile walking distance of a stop on a bus rapid transit route.

(b) For the purposes of this subsection, a "stop" includes any existing stop and any stop funded for development prior to the earlier of a city's deadline to complete its next periodic comprehensive plan update under RCW 36.70A.130(5) or its deadline to complete its next implementation progress report as required by RCW 36.70A.130(9).

(c) A city planning under RCW 36.70A.040 may adopt a station area variance to alter the station area designation, but only after consultation with and approval by the department.

(29) "Transit-oriented density" means a floor area ratio of:

(a) At least 3.0 for all uses that are permitted within one-half mile walking distance of a stop on a high capacity transportation system funded or expanded under chapter 81.104 RCW, a commuter rail stop, or a stop on rail or fixed guideway systems, including transitways; and

(b) At least 2.5 for all uses permitted within one-quarter mile walking distance of a stop on a bus rapid transit route.

(30) "Urban governmental services" or "urban services" include those public services and public facilities at an intensity historically and typically provided in cities, specifically including storm and sanitary sewer systems, domestic water systems, street cleaning services, fire and police protection services, public transit services, and other public utilities associated with urban areas and normally not associated with rural areas.

((~~(28)~~)) (31) "Urban growth" refers to growth that makes intensive use of land for the location of buildings, structures, and impermeable surfaces to such a degree as to be incompatible with the primary use of land for the production of food, other agricultural products, or fiber, or the extraction of mineral resources, rural uses, rural development, and natural resource lands designated pursuant to RCW 36.70A.170. A pattern of more intensive rural development, as provided in RCW 36.70A.070(5)(d), is not urban growth. When allowed to spread over wide areas, urban growth typically requires urban governmental services. "Characterized by urban growth" refers to land having urban growth located on it, or to land located in relationship to an area with urban growth on it as to be appropriate for urban growth.

((~~(29)~~)) (32) "Urban growth areas" means those areas designated by a county pursuant to RCW 36.70A.110.

((~~(30)~~)) (33) "Very low-income household" means a single person, family, or unrelated persons living together whose adjusted income is at or below ((~~fifty~~)) 50 percent of the median household income adjusted for household size, for the county where the household is located, as reported by the United States department of housing and urban development.

((~~(31)~~)) (34) "Wetland" or "wetlands" means areas that are inundated or saturated by surface water or groundwater at a frequency and duration sufficient to support, and that under normal circumstances do support, a prevalence of vegetation typically adapted for life in saturated soil conditions. Wetlands generally include swamps, marshes, bogs, and similar areas. Wetlands do not include those artificial wetlands intentionally created from nonwetland sites, including, but not limited to, irrigation and drainage ditches, grass-lined swales, canals, detention facilities, wastewater treatment facilities, farm ponds, and landscape amenities, or those wetlands created after July 1, 1990, that were unintentionally created as a result of the construction of a road, street, or highway. Wetlands may include those artificial wetlands intentionally created from nonwetland areas created to mitigate conversion of wetlands.

NEW SECTION. **Sec.**  A new section is added to chapter 36.70A RCW to read as follows:

(1) Cities planning under RCW 36.70A.040 may not enact or enforce any development regulation within a station area that would prohibit the siting of multifamily residential housing on parcels where any other residential use is permissible.

(2) Within any station area, any building in which all units are affordable housing for households with incomes at or below 60 percent area median income for at least 50 years or for permanent supportive housing, an additional 1.5 floor area ratio must be permitted. Any floor area within a station area that is reserved for residential units in multifamily housing that includes at least three bedrooms must not be counted toward applicable floor area ratio limits. If a city has enacted or expands a program under RCW 36.70A.540 in an area where development regulations must comply with this section, that program governs to the extent it varies from the requirements of this subsection.

(3)(a) Except as provided in (c) of this subsection, cities planning under RCW 36.70A.040 may not enact any new development regulation that imposes a maximum floor area ratio of less than the applicable transit-oriented density for any use otherwise permitted within a station area.

(b) Cities planning under RCW 36.70A.040 may not enact any new development regulation that imposes a maximum residential density, measured in residential units per acre or other metric of land area within a station area.

(c) As an alternative to (a) of this subsection, cities planning under RCW 36.70A.040 may by ordinance designate parts of a station area in which to enact or enforce floor area ratios that are more or less than the applicable transit-oriented density, if:

(i) The average maximum floor area ratio of all buildable land within a station area is no less than the applicable transit-oriented density. For purposes of this subsection, "buildable land" excludes lots within critical areas or their buffers as designated in RCW 36.70A.170, as well as public facilities including streets, roads, highways, sidewalks, street and road lighting systems, traffic signals, lands occupied by or easements for domestic water systems and storm and sanitary sewer systems, parks and recreational facilities, and schools; and

(ii) No part of a station area is subject to a maximum floor area ratio that is less than 0.5.

(4) Except in zones authorized by June 30, 2023, for a development capacity greater than or equal to the applicable transit-oriented density, at least 20 percent of all residential units constructed within a station area must be affordable to households with an income at or below 60 percent of area median income for at least 50 years.

(5) Any city planning under RCW 36.70A.040 that has, as of the effective date of this section, enacted any development regulation that imposes within any station area (a) a maximum floor area ratio of less than the applicable transit-oriented density or (b) a maximum residential density measured in residential units per acre or other metric of land area, the city must enforce and apply such development regulation consistent with the requirements of this section.

(6)(a) Except as provided in (b) of this subsection, cities planning under RCW 36.70A.040 may not enforce upon any parcel in a station area any development standard that renders it impracticable on that parcel to build a usable structure for the permitted uses at the (i) applicable transit-oriented density or (ii) applicable floor area ratio imposed under subsection (3)(c) of this section.

(b) This subsection (6) does not apply to development standards contained in a shoreline master program or critical area ordinance, or to any parcel that:

(i) Is nonconforming, legally or otherwise, with applicable local subdivision standards including, but not limited to, standards related to lot width, area, geometry, or street access; or

(ii) Is a designated landmark or within a historic district established under a local preservation ordinance.

(7) Any city subject to the requirements of this section may apply to the department for planning grants and consult with the department for purposes of obtaining technical assistance and compliance review with development regulation adoption, pursuant to RCW 36.70A.500(7).

(8) Nothing in this section requires alteration, displacement, or limitation of industrial uses or industrial areas within the urban growth area.

(9)(a) This section does not limit the amount of affordable housing that a city may require to be provided, either on-site or through an in-lieu payment, pursuant to a program enacted or expanded under RCW 36.70A.540.

(10) A city planning under RCW 36.70A.040 must comply with the requirements of this section, and collaborate with federally recognized tribes in accordance with RCW 36.70A.040(8) regarding such requirements, six months after its next periodic comprehensive plan update required under RCW 36.70A.130, and following the completion or funding of any transit stop that would create a new station area within the jurisdiction, at each implementation progress report required by RCW 36.70A.130(9).

NEW SECTION. **Sec.**  A new section is added to chapter 36.70A RCW to read as follows:

(1)(a) The department may approve actions under this section for cities that have, by January 1, 2023, adopted a subarea plan and implementing development regulations that are substantially similar to the requirements of section 6 of this act. In determining whether a city's adopted subarea plan and development regulations are substantially similar, the department's evaluation may include, but not be limited to, if:

(i) The regulations will result in an amount of affordable housing that is at least equivalent to the amount of affordable housing that would result if the specific provisions of section 6 of this act were adopted;

(ii) The jurisdiction offers a way to exceed maximum heights to achieve buildings that exceed 100 feet; and

(iii) New detached single-family residences are prohibited on average within one-quarter mile of light rail stations.

(b) The department must establish by rule any standards or procedures necessary to implement this subsection.

(2) Any local actions approved by the department pursuant to subsection (1) of this section are exempt from appeals under this chapter and chapter 43.21C RCW.

(3) The department's final decision to approve or reject actions by cities under this section may be appealed to the growth management hearings board by filing a petition as provided in RCW 36.70A.290.

(4) In reviewing any petition filed pursuant to subsection (3) of this section, the growth management hearings board shall grant substantial deference to the department's finding of substantial compliance as an agency with expertise.

NEW SECTION. **Sec.**  A new section is added to chapter 36.70A RCW to read as follows:

(1) By October 1, 2023, the department must develop, or contract for the development of, a statewide displacement risk map that identifies areas where residents and businesses are at a greater risk of displacement. In completing the risk map, the department may build on existing models for displacement risk assessment that are currently in use for the state.

(2) The department must certify an extension from the requirements in section 6 of this act for areas at risk of displacement as determined by the antidisplacement analysis that a jurisdiction is required to complete under RCW 36.70A.070(2) or by the department or a regional planning authority. The extension may be granted until the city and the department agree on an implementation plan for specific antidisplacement policies. In addition to antidisplacement policies, the city may implement alternative floor area ratio requirements in areas deemed at greater risk of displacement under an antidisplacement analysis.

**Sec.**  RCW 36.70A.500 and 2012 1st sp.s. c 1 s 310 are each amended to read as follows:

(1) The department of commerce shall provide management services for the growth management planning and environmental review fund created by RCW 36.70A.490. The department shall establish procedures for fund management. The department shall encourage participation in the grant or loan program by other public agencies. The department shall develop the grant or loan criteria, monitor the grant or loan program, and select grant or loan recipients in consultation with state agencies participating in the grant or loan program through the provision of grant or loan funds or technical assistance.

(2) A grant or loan may be awarded to a county or city that is required to or has chosen to plan under RCW 36.70A.040 and that is qualified pursuant to this section. The grant or loan shall be provided to assist a county or city in paying for the cost of preparing an environmental analysis under chapter 43.21C RCW, that is integrated with a comprehensive plan, subarea plan, plan element, countywide planning policy, development regulation, monitoring program, or other planning activity adopted under or implementing this chapter that:

(a) Improves the process for project permit review while maintaining environmental quality; or

(b) Encourages use of plans and information developed for purposes of complying with this chapter to satisfy requirements of other state programs.

(3) In order to qualify for a grant or loan, a county or city shall:

(a) Demonstrate that it will prepare an environmental analysis pursuant to chapter 43.21C RCW and subsection (2) of this section that is integrated with a comprehensive plan, subarea plan, plan element, countywide planning policy, development regulations, monitoring program, or other planning activity adopted under or implementing this chapter;

(b) Address environmental impacts and consequences, alternatives, and mitigation measures in sufficient detail to allow the analysis to be adopted in whole or in part by applicants for development permits within the geographic area analyzed in the plan;

(c) Demonstrate that procedures for review of development permit applications will be based on the integrated plans and environmental analysis;

(d) Include mechanisms to monitor the consequences of growth as it occurs in the plan area and to use the resulting data to update the plan, policy, or implementing mechanisms and associated environmental analysis;

(e) Demonstrate substantial progress towards compliance with the requirements of this chapter. A county or city that is more than six months out of compliance with a requirement of this chapter is deemed not to be making substantial progress towards compliance; and

(f) Provide local funding, which may include financial participation by the private sector.

(4) In awarding grants or loans, the department shall give preference to proposals that include one or more of the following elements:

(a) Financial participation by the private sector, or a public/private partnering approach;

(b) Identification and monitoring of system capacities for elements of the built environment, and to the extent appropriate, of the natural environment;

(c) Coordination with state, federal, and tribal governments in project review;

(d) Furtherance of important state objectives related to economic development, protection of areas of statewide significance, and siting of essential public facilities;

(e) Programs to improve the efficiency and effectiveness of the permitting process by greater reliance on integrated plans and prospective environmental analysis;

(f) Programs for effective citizen and neighborhood involvement that contribute to greater likelihood that planning decisions can be implemented with community support;

(g) Programs to identify environmental impacts and establish mitigation measures that provide effective means to satisfy concurrency requirements and establish project consistency with the plans; or

(h) Environmental review that addresses the impacts of increased density or intensity of comprehensive plans, subarea plans, or receiving areas designated by a city or town under the regional transfer of development rights program in chapter 43.362 RCW.

(5) If the local funding includes funding provided by other state functional planning programs, including open space planning and watershed or basin planning, the functional plan shall be integrated into and be consistent with the comprehensive plan.

(6) State agencies shall work with grant or loan recipients to facilitate state and local project review processes that will implement the projects receiving grants or loans under this section.

(7)(a) Subject to the availability of amounts appropriated to the growth management planning and environmental review fund established in RCW 36.70A.490, the department may:

(i) Award grants to cities to facilitate transit-oriented development consistent with subsection (8) of this section. Cities may use such grants to pay for the costs associated with the preparation of state environmental policy act environmental impact statements, planned action ordinances, subarea plans, costs associated with the utilization of other tools under this chapter or the state environmental policy act, and the costs of local code adoption and implementation of such efforts; and

(ii) Provide technical assistance and award planning grants to cities to implement the requirements under section 6 of this act and provide compliance review of any transit-oriented development regulations adopted consistent with section 6 of this act.

(b) Grant awards under (a)(i) of this subsection may only fund efforts that address environmental impacts and consequences, alternatives, and mitigation measures in sufficient detail to allow the analysis to be adopted in whole or in part by applicants for development permits within the geographic area analyzed in the plan.

(8) In consultation with the department of transportation, the department shall prioritize applications for grants under subsection (7)(a)(i) of this section that maximize the following policy objectives in the area covered by a proposal:

(a) The total number of housing units authorized for new development in station areas;

(b) The proximity and quality of transit access in the area. For purposes of this subsection, "transit access" includes walkable access to light rail and other fixed guideway rail systems and bus rapid transit;

(c) Plans that exceed applicable transit-oriented densities for station areas;

(d) Plans that authorize, but do not mandate, ground floor retail with housing above;

(e) Plans in areas that eliminate on-site parking requirements;

(f) Existence or establishment of incentive zoning, inclusionary housing, or other tools to promote low-income housing in the area;

(g) Plans that include dedicated policies to support public or

nonprofit funded low-income or workforce housing; and

(h) Plans designed to maximize and increase the variety of allowable housing types and expected sale or rental rates.

**Sec.**  RCW 36.70A.620 and 2020 c 173 s 3 are each amended to read as follows:

((~~In counties and cities planning under RCW 36.70A.040, minimum residential parking requirements mandated by municipal zoning ordinances for housing units constructed after July 1, 2019, are subject to the following requirements:~~

~~(1) For housing units that are affordable to very low-income or extremely low-income individuals and that are located within one-quarter mile of a transit stop that receives transit service at least two times per hour for twelve or more hours per day, minimum residential parking requirements may be no greater than one parking space per bedroom or .75 space per unit. A city may require a developer to record a covenant that prohibits the rental of a unit subject to this parking restriction for any purpose other than providing for housing for very low-income or extremely low-income individuals. The covenant must address price restrictions and household income limits and policies if the property is converted to a use other than for low-income housing. A city may establish a requirement for the provision of more than one parking space per bedroom or .75 space per unit if the jurisdiction has determined a particular housing unit to be in an area with a lack of access to street parking capacity, physical space impediments, or other reasons supported by evidence that would make on-street parking infeasible for the unit.~~

~~(2) For housing units that are specifically for seniors or people with disabilities, that are located within one-quarter mile of a transit stop that receives transit service at least four times per hour for twelve or more hours per day, a city may not impose minimum residential parking requirements for the residents of such housing units, subject to the exceptions provided in this subsection. A city may establish parking requirements for staff and visitors of such housing units. A city may establish a requirement for the provision of one or more parking space per bedroom if the jurisdiction has determined a particular housing unit to be in an area with a lack of access to street parking capacity, physical space impediments, or other reasons supported by evidence that would make on-street parking infeasible for the unit. A city may require a developer to record a covenant that prohibits the rental of a unit subject to this parking restriction for any purpose other than providing for housing for seniors or people with disabilities.~~

~~(3) For market rate multifamily housing units that are located within one-quarter mile of a transit stop that receives transit service from at least one route that provides service at least four times per hour for twelve or more hours per day, minimum residential parking requirements may be no greater than one parking space per bedroom or .75 space per unit. A city or county may establish a requirement for the provision of more than one parking space per bedroom or .75 space per unit if the jurisdiction has determined a particular housing unit to be in an area with a lack of access to street parking capacity, physical space impediments, or other reasons supported by evidence that would make on-street parking infeasible for the unit.~~)) (1) To encourage transit-oriented development and transit use and resulting substantial environmental benefits, cities planning under RCW 36.70A.040 may not require off-street parking as a condition of permitting development within a station area, except for off-street parking that is permanently marked for the exclusive use of individuals with disabilities.

(2) If a project permit application within a station area, as defined in RCW 36.70B.020, does not provide parking in compliance with this section, the proposed absence of parking may not be treated as a basis for issuance of a determination of significance pursuant to chapter 43.21C RCW.

(3) The parking provisions of this section do not apply:

(a) If the city submits to the department an empirical study prepared by a credentialed transportation or land use planning expert that clearly demonstrates, and the department finds and certifies, that the application of the parking limitations under subsection (1) of this section in a defined area within a station area will be significantly less safe for vehicle drivers or passengers, pedestrians, or bicyclists than if the jurisdiction's parking requirements were applied to the same location without increased transit-oriented development and density requirements. The department must develop guidance to assist cities and counties on items to include in the study; or

(b) To portions of cities within a one-mile radius of a commercial airport in Washington with at least 9,000,000 annual enplanements.

**Sec.**  RCW 43.21C.229 and 2020 c 87 s 1 are each amended to read as follows:

(1) ((~~In order~~)) The purpose of this section is to provide cities and counties with additional flexibility to accommodate infill development, as well as to facilitate the timely and certain deployment of sustainable transit-oriented development, and thereby realize the goals and policies of comprehensive plans adopted according to chapter 36.70A RCW((~~, a~~)).

(2) A city or county planning under RCW 36.70A.040 ((~~is authorized by this section to~~)) may establish categorical exemptions from the requirements of this chapter((~~. An exemption adopted under this section applies even if it differs from the categorical exemptions adopted by rule of the department under RCW 43.21C.110(1)(a). An exemption may be adopted by a city or county under this section~~)) if it meets the following criteria:

(a) It categorically exempts government action related to development proposed to fill in an urban growth area, designated according to RCW 36.70A.110, where current density and intensity of use in the area is roughly equal to or lower than called for in the goals and policies of the applicable comprehensive plan and the development is either:

(i) Residential development;

(ii) Mixed-use development; or

(iii) Commercial development up to ((~~sixty-five thousand~~)) 65,000 square feet, excluding retail development;

(b) It does not exempt government action related to development that is inconsistent with the applicable comprehensive plan or would clearly exceed the density or intensity of use called for in the goals and policies of the applicable comprehensive plan;

(c) The local government considers the specific probable adverse environmental impacts of the proposed action and determines that these specific impacts are adequately addressed by the development regulations or other applicable requirements of the comprehensive plan, subarea plan element of the comprehensive plan, planned action ordinance, or other local, state, or federal rules or laws; and

(d)(i) The city or county's applicable comprehensive plan was previously subjected to environmental analysis through an environmental impact statement under the requirements of this chapter prior to adoption; or

(ii) The city or county has prepared an environmental impact statement that considers the proposed use or density and intensity of use in the area proposed for an exemption under this ((~~section~~)) subsection.

((~~(2) Any~~)) (3) Any project action that meets the following criteria is categorically exempt from the requirements of this chapter:

(a) It is related to a proposed development that would fill in a station area as defined in RCW 36.70A.030;

(b) It is related to a proposed:

(i) Multifamily residential development;

(ii) Mixed-use development; or

(iii) Commercial development; and

(c) It is not inconsistent with the applicable comprehensive plan, and does not clearly exceed the density or intensity of use called for in the goals and policies of the applicable comprehensive plan.

(4) Any categorical exemption under this section applies even if it differs from the categorical exemptions adopted by rule of the department of ecology under RCW 43.21C.110(1)(a). However, any categorical exemption ((~~adopted by a city or county~~)) under this section ((~~shall be~~)) is subject to the rules of the department adopted according to RCW 43.21C.110(1)(a) that provide exceptions to the use of categorical exemptions adopted by the department.

NEW SECTION. **Sec.**  A new section is added to chapter 64.38 RCW to read as follows:

Governing documents created after the effective date of this section and applicable to associations located fully or partially within a station area as defined in RCW 36.70A.030 may not prohibit the construction or development of multifamily housing or transit-oriented density that must be permitted by cities under section 6 of this act or require off-street parking inconsistent or in conflict with RCW 36.70A.620.

NEW SECTION. **Sec.**  A new section is added to chapter 64.90 RCW to read as follows:

Declarations and governing documents created after the effective date of this section and applicable to a common interest community located fully or partially within a station area as defined in RCW 36.70A.030 may not prohibit the construction or development of multifamily housing or transit-oriented density that must be permitted by cities under section 6 of this act or require off-street parking inconsistent or in conflict with RCW 36.70A.620.

NEW SECTION. **Sec.**  A new section is added to chapter 64.34 RCW to read as follows:

A declaration created after the effective date of this section and applicable to an association located fully or partially within a station area as defined in RCW 36.70A.030 may not prohibit the construction or development of multifamily housing or transit-oriented density that must be permitted by cities under section 6 of this act or require off-street parking inconsistent or in conflict with RCW 36.70A.620.

NEW SECTION. **Sec.**  A new section is added to chapter 64.32 RCW to read as follows:

A declaration created after the effective date of this section and applicable to an association of apartment owners located fully or partially within a station area as defined in RCW 36.70A.030 may not prohibit the construction or development of multifamily housing or transit-oriented density that must be permitted by cities under section 6 of this act or require off-street parking inconsistent or in conflict with RCW 36.70A.620."

Correct the title.

EFFECT: (1) Transfers responsibilities for providing technical assistance, awarding grants, and providing compliance review of transit-oriented development regulations from the Washington State Department of Transportation (WSDOT) to the Department of Commerce (Commerce).

(2) Modifies the grant program for the financing of housing projects by: (a) Requiring it to fund projects within station areas instead of rapid transit corridors; (b) limiting grants to properties with a covenant requiring all of the units to remain affordable for at least 50 years for households with incomes at or below 60 percent of area median income for rental, shelter, or permanent supportive housing projects or at or below 80 percent of area median income for homeownership projects; and (c) requiring projects to include at least 100 units of rental, shelter, or permanent supportive housing or at least 30 units of owner-occupied housing.

(3) Modifies the definition of "station area" to mean all parcels within an urban growth area (UGA) that are fully or partially within: (a) One-half mile walking distance of a stop on a high capacity transportation system funded or expanded under chapter 81.104 RCW, a commuter rail stop, or a stop on rail or fixed guideway systems, including transitways; and (b) one-quarter mile walking distance of a stop on a bus rapid transit route.

(4) Removes the definition of "station hub" and all requirements and provisions related to a station hub.

(5) Defines a "stop" as any existing stop or any stop funded for development prior to the earlier of a city's deadline to complete its next periodic comprehensive plan update or its deadline to complete its implementation progress report.

(6) Removes the definitions of "major transit station" and "major transit stop."

(7) Modifies the definition of "floor area ratio" (FAR) by specifying it is a measure of transit-oriented development intensity and clarifying that developable property excludes lots with critical areas or their buffers and lots used for public facilities.

(8) Modifies the definition of "transit-oriented density" (TOD) to mean a FAR of: (a) At least 3.0 within one-half mile walking distance of a stop on a high-capacity transportation system funded or expanded, a commuter rail stop, or a stop on rail or fixed guideway systems, including transitways; and (b) at least 2.5 within one-quarter mile walking distance of a stop on a bus rapid transit route.

(9) Requires at least 20 percent of all residential units constructed within a station area to be affordable to households with an income at or below 60 percent of area median income for at least 50 years, except in zones where a development capacity greater than or equal to the applicable TOD is authorized by June 30, 2023.

(10) Modifies provisions for an increased density bonus by: (a) Removing the 50 percent density bonus for affordable housing, permanent supportive housing, and long-term inpatient care; (b) allowing an additional 1.5 FAR in any building within a station area in which all units are affordable for households with incomes at or below 60 percent area median income for at least 50 years or for permanent supportive housing; and (c) removing provisions allowing child care facilities and small businesses to be excluded from the FAR calculation.

(11) Specifies that if a city has enacted or expands an affordable housing incentive program in an area that must comply with the TOD regulations, that program governs to the extent it varies from the density bonus requirements.

(12) Modifies the exemption from TOD requirements for historic places to exempt any parcel that is a designated landmark or within a historic district established under a local preservation ordinance.

(13) Specifies that a city must comply with the new TOD requirements six months after its next periodic comprehensive plan update and, following the completion or funding of any transit stop that would create a new station area within the jurisdiction, at each five-year implementation progress report.

(14) Allows Commerce to approve subarea plans and implementing regulations adopted by cities prior to January 1, 2023, as substantially similar to the TOD requirements. Specifies that in evaluating plans and regulations, Commerce may consider if: (a) The regulations will result in an amount of affordable housing that is at least equivalent to the amount of affordable housing that would result if the TOD requirements were adopted; (b) the jurisdiction offers a way to exceed maximum heights to achieve buildings that exceed 100 feet; and (c) new detached single-family residences are prohibited on average within one-quarter mile of light rail stations. Directs Commerce to establish by rule any standards or procedures necessary to make a determination of substantially similar. Specifies that any local actions approved by Commerce as substantially similar are exempt from appeals under the State Environmental Protection Act but allows Commerce's final decision to be appealed to the Growth Management Hearings Board.

(15) Directs Commerce to develop, or contract for the development of, a statewide displacement risk map that identifies areas where residents and businesses are at a greater risk of displacement, which may build on existing models.

(16) Requires Commerce to grant cities an extension from the TOD requirements for areas at greater risk of displacement and allows cities to implement alternative FARs for areas at greater risk of displacement.

(17) Allows cities to impose off-street parking requirements within a station area if the city provides Commerce with an empirical study prepared by a credentialed transportation or land use planning expert that clearly demonstrates, and Commerce finds and certifies, that the limits on off-street parking in a defined area will be significantly less safe for vehicle drivers or passengers, pedestrians, or bicyclists than if the jurisdiction's parking requirements were applied to the same location without increased transit-oriented development and density requirements. Directs Commerce to develop guidance to assist cities and counties on items to include in the study.

(18) Exempts from the provisions prohibiting off-street parking any portion of a city within a one-mile radius of a commercial airport with at least 9,000,000 annual enplanements.

(19) Removes counties from the provisions prohibiting off-street parking requirements within a station area.