

3SHB 1491 - S AMD 402
By Senator Trudeau

ADOPTED AS AMENDED 04/15/2025

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** The legislature finds that the state has
4 made groundbreaking investments in state-of-the-art mass transit and
5 intermodal infrastructure. The legislature finds that to maximize the
6 state's return on these investments, land use policies and practices
7 must allow housing development to keep pace with progress being
8 implemented in transportation infrastructure development. The
9 legislature also intends new development to reflect the state's
10 commitment to affordable housing and vibrant, walkable, accessible
11 urban environments that improve health, expand multimodal
12 transportation options, and include varied community facilities,
13 parks, and green spaces that are open to people of all income levels.
14 The legislature recognizes that cities planning under chapter
15 36.70A RCW require direction and technical assistance to ensure the
16 benefits of state transportation investments are maximized and shared
17 equitably while avoiding unnecessary programmatic and cost burdens to
18 local governments in their comprehensive planning, code enactment,
19 and permit processing workloads. The legislature further recognizes
20 that regulatory flexibility and local control are also important
21 features of optimal planning outcomes.

22 **Sec. 2.** RCW 36.70A.030 and 2024 c 152 s 1 are each amended to
23 read as follows:

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

26 (1) "Active transportation" means forms of pedestrian mobility
27 including walking or running, the use of a mobility assistive device
28 such as a wheelchair, bicycling and cycling irrespective of the
29 number of wheels, and the use of small personal devices such as foot
30 scooters or skateboards. Active transportation includes both
31 traditional and electric assist bicycles and other devices. Planning

1 for active transportation must consider and address accommodation
2 pursuant to the Americans with disabilities act and the distinct
3 needs of each form of active transportation.

4 (2) "Active transportation facilities" means facilities provided
5 for the safety and mobility of active transportation users including,
6 but not limited to, trails, as defined in RCW 47.30.005, sidewalks,
7 bike lanes, shared-use paths, and other facilities in the public
8 right-of-way.

9 (3) "Administrative design review" means a development permit
10 process whereby an application is reviewed, approved, or denied by
11 the planning director or the planning director's designee based
12 solely on objective design and development standards without a public
13 predecision hearing, unless such review is otherwise required by
14 state or federal law, or the structure is a designated landmark or
15 historic district established under a local preservation ordinance. A
16 city may utilize public meetings, hearings, or voluntary review
17 boards to consider, recommend, or approve requests for variances from
18 locally established design review standards.

19 (4) "Adopt a comprehensive land use plan" means to enact a new
20 comprehensive land use plan or to update an existing comprehensive
21 land use plan.

22 (5) "Affordable housing" means, unless the context clearly
23 indicates otherwise, residential housing whose monthly costs,
24 including utilities other than telephone, do not exceed (~~(thirty)~~) 30
25 percent of the monthly income of a household whose income is:

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

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

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

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

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

6 (9) "Cottage housing" means residential units on a lot with a
7 common open space that either: (a) Is owned in common; or (b) has
8 units owned as condominium units with property owned in common and a
9 minimum of 20 percent of the lot size as open space.

10 (10) "Courtyard apartments" means attached dwelling units
11 arranged on two or three sides of a yard or court.

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

21 (12) "Department" means the department of commerce.

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

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

38 (15) "Emergency shelter" means a facility that provides a
39 temporary shelter for individuals or families who are currently
40 homeless. Emergency shelter may not require occupants to enter into a

1 lease or an occupancy agreement. Emergency shelter facilities may
2 include day and warming centers that do not provide overnight
3 accommodations.

4 (16) "Environmental justice" means the fair treatment and
5 meaningful involvement of all people regardless of race, color,
6 national origin, or income with respect to development,
7 implementation, and enforcement of environmental laws, regulations,
8 and policies. Environmental justice includes addressing
9 disproportionate environmental and health impacts in all laws, rules,
10 and policies with environmental impacts by prioritizing vulnerable
11 populations and overburdened communities and the equitable
12 distribution of resources and benefits.

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

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

34 (19) "Freight rail dependent uses" means buildings and other
35 infrastructure that are used in the fabrication, processing, storage,
36 and transport of goods where the use is dependent on and makes use of
37 an adjacent short line railroad. Such facilities are both urban and
38 rural development for purposes of this chapter. "Freight rail
39 dependent uses" does not include buildings and other infrastructure
40 that are used in the fabrication, processing, storage, and transport

1 of coal, liquefied natural gas, or "crude oil" as defined in RCW
2 90.56.010.

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

8 (21) "Green infrastructure" means a wide array of natural assets
9 and built structures within an urban growth area boundary, including
10 parks and other areas with protected tree canopy, and management
11 practices at multiple scales that manage wet weather and that
12 maintain and restore natural hydrology by storing, infiltrating,
13 evapotranspiring, and harvesting and using stormwater.

14 (22) "Green space" means an area of land, vegetated by natural
15 features such as grass, trees, or shrubs, within an urban context and
16 less than one acre in size that creates public value through one or
17 more of the following attributes:

- 18 (a) Is accessible to the public;
- 19 (b) Promotes physical and mental health of residents;
- 20 (c) Provides relief from the urban heat island effects;
- 21 (d) Promotes recreational and aesthetic values;
- 22 (e) Protects streams or water supply; or
- 23 (f) Preserves visual quality along highway, road, or street
24 corridors.

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

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

36 (25) "Major transit stop" means:

- 37 (a) A stop on a high capacity transportation system funded or
38 expanded under the provisions of chapter 81.104 RCW, except for any
39 stop that solely serves express bus service or serves express bus

1 service and other bus services not otherwise meeting the definition
2 of major transit stop;

3 (b) Commuter rail stops;

4 (c) Stops on rail or fixed guideway systems; or

5 (d) Stops on bus rapid transit routes, including those stops that
6 are under construction.

7 (26) "Middle housing" means buildings that are compatible in
8 scale, form, and character with single-family houses and contain two
9 or more attached, stacked, or clustered homes including duplexes,
10 triplexes, fourplexes, fiveplexes, sixplexes, townhouses, stacked
11 flats, courtyard apartments, and cottage housing.

12 (27) "Minerals" include gravel, sand, and valuable metallic
13 substances.

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

20 (29) "Overburdened community" means a geographic area where
21 vulnerable populations face combined, multiple environmental harms
22 and health impacts, and includes, but is not limited to, highly
23 impacted communities as defined in RCW 19.405.020.

24 (30) "Per capita vehicle miles traveled" means the number of
25 miles traveled using cars and light trucks in a calendar year divided
26 by the number of residents in Washington. The calculation of this
27 value excludes vehicle miles driven conveying freight.

28 (31) "Permanent supportive housing" is subsidized, leased housing
29 with no limit on length of stay that prioritizes people who need
30 comprehensive support services to retain tenancy and utilizes
31 admissions practices designed to use lower barriers to entry than
32 would be typical for other subsidized or unsubsidized rental housing,
33 especially related to rental history, criminal history, and personal
34 behaviors. Permanent supportive housing is paired with on-site or
35 off-site voluntary services designed to support a person living with
36 a complex and disabling behavioral health or physical health
37 condition who was experiencing homelessness or was at imminent risk
38 of homelessness prior to moving into housing to retain their housing
39 and be a successful tenant in a housing arrangement, improve the
40 resident's health status, and connect the resident of the housing

1 with community-based health care, treatment, or employment services.
2 Permanent supportive housing is subject to all of the rights and
3 responsibilities defined in chapter 59.18 RCW.

4 (32) "Public facilities" include streets, roads, highways,
5 sidewalks, street and road lighting systems, traffic signals,
6 domestic water systems, storm and sanitary sewer systems, parks and
7 recreational facilities, and schools.

8 (33) "Public services" include fire protection and suppression,
9 law enforcement, public health, education, recreation, environmental
10 protection, and other governmental services.

11 (34) "Recreational land" means land so designated under RCW
12 36.70A.1701 and that, immediately prior to this designation, was
13 designated as agricultural land of long-term commercial significance
14 under RCW 36.70A.170. Recreational land must have playing fields and
15 supporting facilities existing before July 1, 2004, for sports played
16 on grass playing fields.

17 (35) "Rural character" refers to the patterns of land use and
18 development established by a county in the rural element of its
19 comprehensive plan:

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

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

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

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

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

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

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

35 (36) "Rural development" refers to development outside the urban
36 growth area and outside agricultural, forest, and mineral resource
37 lands designated pursuant to RCW 36.70A.170. Rural development can
38 consist of a variety of uses and residential densities, including
39 clustered residential development, at levels that are consistent with
40 the preservation of rural character and the requirements of the rural

1 element. Rural development does not refer to agriculture or forestry
2 activities that may be conducted in rural areas.

3 (37) "Rural governmental services" or "rural services" include
4 those public services and public facilities historically and
5 typically delivered at an intensity usually found in rural areas, and
6 may include domestic water systems and fire and police protection
7 services associated with rural development and normally not
8 associated with urban areas. Rural services do not include storm or
9 sanitary sewers, except as otherwise authorized by RCW 36.70A.110(4).

10 (38) "Short line railroad" means those railroad lines designated
11 class II or class III by the United States surface transportation
12 board.

13 (39) "Single-family zones" means those zones where single-family
14 detached housing is the predominant land use.

15 (40) "Stacked flat" means dwelling units in a residential
16 building of no more than three stories on a residential zoned lot in
17 which each floor may be separately rented or owned.

18 (41) "Townhouses" means buildings that contain three or more
19 attached single-family dwelling units that extend from foundation to
20 roof and that have a yard or public way on not less than two sides.

21 (42) "Transportation system" means all infrastructure and
22 services for all forms of transportation within a geographical area,
23 irrespective of the responsible jurisdiction or transportation
24 provider.

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

32 (44) "Urban growth" refers to growth that makes intensive use of
33 land for the location of buildings, structures, and impermeable
34 surfaces to such a degree as to be incompatible with the primary use
35 of land for the production of food, other agricultural products, or
36 fiber, or the extraction of mineral resources, rural uses, rural
37 development, and natural resource lands designated pursuant to RCW
38 36.70A.170. A pattern of more intensive rural development, as
39 provided in RCW 36.70A.070(5)(d), is not urban growth. When allowed
40 to spread over wide areas, urban growth typically requires urban

1 governmental services. "Characterized by urban growth" refers to land
2 having urban growth located on it, or to land located in relationship
3 to an area with urban growth on it as to be appropriate for urban
4 growth.

5 (45) "Urban growth areas" means those areas designated by a
6 county pursuant to RCW 36.70A.110.

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

13 (47) (a) "Vulnerable populations" means population groups that are
14 more likely to be at higher risk for poor health outcomes in response
15 to environmental harms, due to: (i) Adverse socioeconomic factors,
16 such as unemployment, high housing and transportation costs relative
17 to income, limited access to nutritious food and adequate health
18 care, linguistic isolation, and other factors that negatively affect
19 health outcomes and increase vulnerability to the effects of
20 environmental harms; and (ii) sensitivity factors, such as low birth
21 weight and higher rates of hospitalization.

22 (b) "Vulnerable populations" includes, but is not limited to:

23 (i) Racial or ethnic minorities;

24 (ii) Low-income populations; and

25 (iii) Populations disproportionately impacted by environmental
26 harms.

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

1 created from nonwetland areas created to mitigate conversion of
2 wetlands.

3 (49) "Wildland urban interface" means the geographical area where
4 structures and other human development meets or intermingles with
5 wildland vegetative fuels.

6 (50) "Floor area ratio" means a measure of development intensity
7 equal to building square footage divided by the developable property
8 square footage. Developable property excludes public facilities and
9 portions of lots with critical areas and critical area buffers as
10 designated in RCW 36.70A.060, except for critical aquifer recharge
11 areas where a single-family detached house is an allowed use provided
12 that any requirements to maintain aquifer recharge are met.

13 (51) "Rail station area" means all lots fully within an urban
14 growth area that are:

15 (a) Fully or partially within one-half mile walking distance of
16 an entrance to a train station with a stop on a light rail system, a
17 commuter rail stop in a city with a population greater than 15,000,
18 or a stop on a rail trolley operated west of the crest of the Cascade
19 mountains; or

20 (b) Fully or partially within one-quarter mile walking distance
21 of an entrance to a train station with a commuter rail stop in a city
22 with a population no greater than 15,000.

23 (52) "Bus station area" means all lots that are:

24 (a) Fully within an urban growth area; and

25 (b) Fully or partially within one-quarter mile walking distance
26 of a stop on a fixed route bus system that is designated as a bus
27 rapid transit stop in the transit development plan as required in RCW
28 35.58.2795, for which an environmental determination has been issued
29 as required under chapter 43.21C RCW, and that features fixed transit
30 assets that indicate permanent, high capacity service including, but
31 not limited to, elevated platforms or enhanced stations, off-board
32 fare collection, dedicated lanes, busways, or transit signal
33 priority.

34 (53) "Station area" means a bus station area or a rail station
35 area.

36 NEW SECTION. Sec. 3. A new section is added to chapter 36.70A
37 RCW to read as follows:

38 (1) Cities planning under RCW 36.70A.040 may not enact or enforce
39 any development regulation within a station area that would prohibit

1 the siting of multifamily residential housing on lots where any other
2 residential use is permissible.

3 (2)(a) Cities planning under RCW 36.70A.040 must allow new
4 residential and mixed-use development within any station area at the
5 transit-oriented development density of:

6 (i) At least 3.5 floor area ratio, on average, within a rail
7 station area; and

8 (ii) At least 2.5 floor area ratio, on average, or at least a 3.0
9 floor area ratio, on average if a city exempts up to 25 percent of
10 bus station areas, within a bus station area.

11 (A) Cities must adopt regulations that allow for greater building
12 height and increased density in all bus station areas for
13 developments built with all mass timber products.

14 (B) For the purposes of this subsection, "mass timber products"
15 has the same meaning as in RCW 19.27.570.

16 (b) A city planning under RCW 36.70A.040 may adopt a modification
17 to a station area designation, but only after consultation with and
18 approval by the department.

19 (c) Cities planning under RCW 36.70A.040 may not enact or enforce
20 any development regulation that imposes:

21 (i) A maximum floor area ratio of less than the transit-oriented
22 development density in this subsection for any residential or mixed-
23 use development within a station area, unless a city has adopted an
24 exemption for the station area under (a)(ii) of this subsection; or

25 (ii) A maximum residential density, measured in residential units
26 per acre or other metric of land area within a station area.

27 (3) For the purposes of this section:

28 (a) "Mixed-use development" means a building subject to a
29 regulation specifying allowable residential proportions within mixed-
30 use areas.

31 (b) "Workforce housing" means rental housing with monthly costs
32 that do not exceed 30 percent of the monthly income of a household
33 whose income is at or below 80 percent of the median household income
34 adjusted for household size, for the county where the household is
35 located, as reported by the United States department of housing and
36 urban development.

37 (4) Within any station area, any building in which all units are
38 affordable or workforce housing for at least 50 years or are
39 dedicated to permanent supportive housing, an additional 1.5 floor

1 area ratio in excess of the transit-oriented development density
2 required under subsection (2)(a) of this section must be permitted.

3 (5) Any floor area within a building located in a station area
4 that is reserved for residential units in multifamily housing that
5 includes at least three bedrooms must not be counted toward
6 applicable floor area ratio limits. A city may require the
7 residential units to comply with affordability requirements to be
8 eligible for an exclusion from the applicable floor area ratio
9 limits.

10 (6) Cities planning under RCW 36.70A.040 may by ordinance
11 designate parts of a station area in which to enact or enforce floor
12 area ratios for residential or mixed-use development that are more or
13 less than the applicable transit-oriented development density, if the
14 average maximum floor area ratio of all residential and mixed-use
15 areas within a station area is no less than the applicable transit-
16 oriented development density.

17 (7)(a) Buildings constructed within a station area must maintain
18 for at least 50 years:

19 (i) At least 10 percent of all residential units as affordable
20 housing;

21 (ii) At least 10 percent of all residential units as workforce
22 housing if at least 10 percent of the units are family sized units
23 with more than two bedrooms; or

24 (iii) At least 20 percent of all residential units as workforce
25 housing.

26 (b) A building constructed within a station area is exempt from
27 the affordability requirements in (a) of this subsection if:

28 (i) The building is constructed on a lot in which a density that
29 meets or exceeds the transit-oriented development density in
30 subsection (2) of this section was authorized prior to January 1,
31 2025;

32 (ii) The building is subject to affordability requirements with a
33 lower income threshold or a greater amount of required affordable
34 housing that were enacted by a city prior to December 31, 2025; or

35 (iii) A city has enacted or expands a mandatory program under RCW
36 36.70A.540 that requires a minimum amount of affordable housing that
37 must be provided by residential development, either on-site or
38 through an in-lieu payment as allowed by RCW 36.70A.540, in an area
39 where development regulations must comply with this section. Such
40 mandatory program may be enacted, modified, or expanded by a city,

1 and may require an amount of affordable housing and levels of
2 affordability that differs or exceeds the requirements. An optional
3 program established under RCW 36.70A.540 does not meet the
4 requirements of this subsection (7)(b)(iii).

5 (c) For each building that is exempt from the requirements for
6 affordable or workforce housing under (b)(i) or (ii) of this
7 subsection, the city must identify the density and affordability
8 requirements that apply to the building or parcel in its
9 comprehensive planning documents. For each building that is exempt
10 from the requirements for affordable or workforce housing under
11 (b)(iii) of this subsection, the city must identify the density and
12 affordability requirements that apply to the building or parcel in
13 its municipal code.

14 (8) A city must approve an exemption under RCW
15 84.14.020(1)(a)(ii)(D) for multifamily residential housing within a
16 station area that meets the affordability requirements in subsection
17 (7)(a) of this section and the requirements of chapter 84.14 RCW,
18 unless the city authorizes the 20-year exemption under RCW
19 84.14.020(1)(a)(ii)(C).

20 (9) A city that has enacted an incentive program prior to January
21 1, 2025, that requires public benefits, such as school capacity,
22 greater amounts of affordable housing, green space, or green
23 infrastructure, in return for additional development allowances, may
24 continue to require such public benefits if the plan and implementing
25 development regulations requiring those public benefits provides
26 development capacity that is substantially similar to that required
27 in this section.

28 (10)(a) No later than the deadlines established in subsection
29 (15) of this section, cities planning under RCW 36.70A.040 must act
30 to modify or repeal any existing development regulations applicable
31 in a station area that, alone or in combination, are inconsistent
32 with this section, and may not enact any development regulations
33 applicable in a station area that, alone or in combination with other
34 development regulations, are inconsistent with this section.

35 (b) A city may apply any objective development regulations within
36 a station area that are required for other multifamily residential
37 uses in the same zone, including tree canopy and retention
38 requirements.

39 (c) This subsection (10) does not apply to development
40 regulations that are generally applicable health and safety

1 standards, including building code standards and fire and life safety
2 standards.

3 (11) Nothing in this section requires alteration, displacement,
4 or limitation of industrial or agricultural uses or industrial,
5 manufacturing, or agricultural areas within the urban growth area.

6 (12) Nothing in this section requires a city to issue a building
7 permit if other federal, state, and local requirements for a building
8 permit are not met.

9 (13) Cities planning under RCW 36.70A.040 may exclude from the
10 requirements in this section any portion of a lot that is designated
11 as a shoreline environment governed by a shoreline master program or
12 as a critical area governed by a critical area ordinance, except for
13 critical aquifer recharge areas where a single-family detached house
14 is an allowed use provided that any requirements to maintain aquifer
15 recharge are met, and any lot that:

16 (a) Is nonconforming with development regulations governing lot
17 dimensions including, but not limited to, standards related to lot
18 width, area, geometry, or street access, unless an applicant
19 demonstrates that the nonconforming lot may be developed in
20 compliance with the development regulations governing lot dimensions
21 by obtaining any modification, deviation, variance, or similar code
22 departure approval allowed under the development regulations;

23 (b) Contains a designated landmark or is located within a
24 historic district established under a local preservation ordinance
25 adopted prior to the effective date of this section;

26 (c) Has been designated as containing urban separators by
27 countywide planning policies as of the effective date of this
28 section;

29 (d) Is an industrial, manufacturing, or agricultural designated
30 lot that either is limited to one dwelling unit per lot or only
31 allows housing for individuals and their families responsible for
32 caretaking, farm work, security, or maintenance; or

33 (e) Is in a tsunami inundation area as mapped by the department
34 of natural resources.

35 (14) For cities subject to a growth target adopted under RCW
36 36.70A.210 that limits the maximum residential capacity of the
37 jurisdiction, any additional residential capacity required by this
38 section may not be considered an inconsistency with the countywide
39 planning policies, multicounty planning policies, or growth targets
40 adopted under RCW 36.70A.210.

1 (15)(a) Any city that is required to review its comprehensive
2 plan by the deadlines specified in RCW 36.70A.130(5)(a) must comply
3 with the requirements of this section by the earlier of December 31,
4 2029, or its first implementation progress report due after December
5 31, 2024 as specified in RCW 36.70A.130(9), and thereafter at each
6 comprehensive plan update or implementation progress report following
7 the completion or funding of any major transit stop that would create
8 a new station area within the jurisdiction.

9 (b) Any city that is required to review its comprehensive plan by
10 the deadlines specified in RCW 36.70A.130(5)(b), (c), or (d) must
11 comply with the requirements of this section no later than six months
12 after its first comprehensive plan update due after December 31,
13 2024, and thereafter at each comprehensive plan update or
14 implementation progress report following the completion or funding of
15 any major transit stop that would create a new station area within
16 the jurisdiction.

17 (c) A federally recognized Indian tribe may voluntarily choose to
18 participate in the planning process to implement the requirements of
19 this section in accordance with RCW 36.70A.040(8).

20 (16)(a) The department must publish a model transit-oriented
21 development ordinance by June 30, 2027.

22 (b) In any city subject to this section that has not passed
23 ordinances, regulations, or other official controls by the deadlines
24 required under subsection (15) of this section, the model ordinance
25 supersedes, preempts, and invalidates local development regulations
26 until the city takes all actions necessary to implement this section.

27 (17) A city may seek an extension from the transit-oriented
28 development density requirements of this section by applying to the
29 department for an extension in any areas that are at high risk of
30 displacement based on a city's antidisplacement analysis or an
31 antidisplacement map. The department must review the city's analysis
32 and certify a five-year extension from the requirements of this
33 section for areas at high risk of displacement. The city must create
34 an implementation plan that identifies the antidisplacement policies
35 available to residents to mitigate displacement risk. During the
36 extension, the city may delay implementation or enact alternative
37 floor area ratio requirements within any areas at high risk of
38 displacement. The department may recertify an extension for
39 additional five-year periods based on evidence of ongoing
40 displacement risk in the area.

1 (18) (a) (i) The department may approve actions under this
2 subsection (18) for cities that have, by June 30, 2026, adopted a
3 plan and implementing development regulations for a specific station
4 area that are substantially similar to the requirements of this
5 section for that station area. In determining whether a city's
6 adopted plan and development regulations are substantially similar,
7 the department's evaluation may include, but not be limited to, if:

8 (A) The regulations will provide a development capacity and allow
9 the opportunity for creation of affordable housing that is at least
10 equivalent to the amount of development capacity and affordable
11 housing that would be allowed in that station area if the specific
12 provisions of this section were adopted;

13 (B) The jurisdiction offers a way to achieve buildings that
14 exceed 85 feet in height; and

15 (C) No lot within the station area is zoned exclusively for
16 detached single-family residences.

17 (ii) The department must establish by rule any standards or
18 procedures necessary to implement (a) of this subsection.

19 (b) Any local actions approved by the department pursuant to (a)
20 of this subsection are exempt from appeals under this chapter and
21 chapter 43.21C RCW.

22 (c) The department's final decision to approve or reject actions
23 by cities under this subsection (18) may be appealed to the growth
24 management hearings board by filing a petition as provided in RCW
25 36.70A.290.

26 NEW SECTION. **Sec. 4.** A new section is added to chapter 36.70A
27 RCW to read as follows:

28 Subject to appropriation, the department must establish and
29 administer a grant program to assist cities in providing:

30 (1) The infrastructure necessary to accommodate development at
31 transit-oriented development densities within station areas,
32 including water, sewer, stormwater, and transportation infrastructure
33 and parks and recreation facilities;

34 (2) Station area planning or other predevelopment costs necessary
35 for implementation of station area plans; and

36 (3) The staffing necessary to implement transit-oriented
37 development requirements.

1 NEW SECTION. **Sec. 5.** A new section is added to chapter 36.70A

2 RCW to read as follows:

3 (1) To encourage transit-oriented development and transit use and
4 resulting substantial environmental benefits, cities planning under
5 RCW 36.70A.040 may not require off-street automobile parking as a
6 condition of permitting residential or mixed-use development within a
7 station area as defined in RCW 36.70A.030, except for off-street
8 automobile parking that is permanently marked for the exclusive use
9 of individuals with disabilities or parking that is permanently
10 marked for the short-term exclusive use of delivery vehicles.

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

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

17 (a) If a local government submits to the department an empirical
18 study prepared by a credentialed transportation or land use planning
19 expert that clearly demonstrates, and the department finds and
20 certifies, that the application of the parking limitations under
21 subsection (1) of this section will be significantly less safe for
22 automobile drivers or passengers, pedestrians, or bicyclists than if
23 the jurisdiction's parking requirements were applied to the same
24 location. The department must develop guidance to assist cities and
25 counties on items to include in the study; or

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

29 (4) If a residential or mixed-use development provides parking
30 for residential uses in excess of what is required in subsection (1)
31 of this section, cities planning under RCW 36.70A.040 may enact or
32 enforce development regulations to:

33 (a) Require a share of any provided residential parking to be
34 distributed between units designated as affordable housing and units
35 offered at market rate; and

36 (b) Include all or a portion of the cost of unbundled parking
37 charges into the monthly cost for rental units designated as
38 affordable housing.

1 **Sec. 6.** RCW 43.21C.229 and 2023 c 368 s 1 are each amended to
2 read as follows:

3 (1) The purpose of this section is to accommodate infill and
4 housing development and thereby realize the goals and policies of
5 comprehensive plans adopted according to chapter 36.70A RCW.

6 (2) A city or county planning under RCW 36.70A.040 is authorized
7 by this section to establish categorical exemptions from the
8 requirements of this chapter. An exemption may be adopted by a city
9 or county under this subsection if it meets the following criteria:

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

16 (i) Residential development;

17 (ii) Mixed-use development; or

18 (iii) Commercial development up to 65,000 square feet, excluding
19 retail development;

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

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

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

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

37 (3) All project actions that propose to develop one or more
38 residential housing units within the incorporated areas in an urban
39 growth area designated pursuant to RCW 36.70A.110 or middle housing
40 within the unincorporated areas in an urban growth area designated

1 pursuant to RCW 36.70A.110, and that meet the criteria identified in
2 (a) and (b) of this subsection, are categorically exempt from the
3 requirements of this chapter. For purposes of this section, "middle
4 housing" has the same meaning as in RCW 36.70A.030 as amended by
5 chapter 332, Laws of 2023. Jurisdictions shall satisfy the following
6 criteria prior to the adoption of the categorical exemption under
7 this subsection (3):

8 (a) The city or county shall find that the proposed development
9 is consistent with all development regulations implementing an
10 applicable comprehensive plan adopted according to chapter 36.70A RCW
11 by the jurisdiction in which the development is proposed, with the
12 exception of any development regulation that is inconsistent with
13 applicable provisions of chapter 36.70A RCW; and

14 (b) The city or county has prepared environmental analysis that
15 considers the proposed use or density and intensity of use in the
16 area proposed for an exemption under this section and analyzes
17 multimodal transportation impacts, including impacts to neighboring
18 jurisdictions, transit facilities, and the state transportation
19 system.

20 (i) Such environmental analysis shall include documentation that
21 the requirements for environmental analysis, protection, and
22 mitigation for impacts to elements of the environment have been
23 adequately addressed for the development exempted. The requirements
24 may be addressed in locally adopted comprehensive plans, subarea
25 plans, adopted development regulations, other applicable local
26 ordinances and regulations, or applicable state and federal
27 regulations. The city or county must document its consultation with
28 the department of transportation on impacts to state-owned
29 transportation facilities including consideration of whether
30 mitigation is necessary for impacts to transportation facilities.

31 (ii) Before finalizing the environmental analysis pursuant to
32 (b)(i) of this subsection (3), the city or county shall provide a
33 minimum of 60 days' notice to affected tribes, relevant state
34 agencies, other jurisdictions that may be impacted, and the public.
35 If a city or county identifies that mitigation measures are necessary
36 to address specific probable adverse impacts, the city or county must
37 address those impacts by requiring mitigation identified in the
38 environmental analysis pursuant to this subsection (3)(b) through
39 locally adopted comprehensive plans, subarea plans, development
40 regulations, or other applicable local ordinances and regulations.

1 Mitigation measures shall be detailed in an associated environmental
2 determination.

3 (iii) The categorical exemption is effective 30 days following
4 action by a city or county pursuant to (b)(ii) of this subsection
5 (3).

6 (4) Until September 30, 2025, all project actions that propose to
7 develop one or more residential housing or middle housing units
8 within a city west of the crest of the Cascade mountains with a
9 population of 700,000 or more are categorically exempt from the
10 requirements of this chapter. After September 30, 2025, project
11 actions that propose to develop one or more residential housing or
12 middle housing units within the city may utilize the categorical
13 exemption in subsection (3) of this section.

14 (5) All project actions that propose to develop residential or
15 mixed-use development within a station area are categorically exempt
16 from the requirements of this chapter, subject to the rules of the
17 department adopted according to RCW 43.21C.110(1)(a) that provide
18 exceptions to the use of categorical exemptions adopted by the
19 department. For the purpose of this subsection:

20 (a) "Mixed-use development" has the same meaning as provided in
21 section 3 of this act; and

22 (b) "Station area" has the same meaning as provided in RCW
23 36.70A.030.

24 (6) Any categorical exemption adopted by a city or county under
25 this section applies even if it differs from the categorical
26 exemptions adopted by rule of the department under RCW
27 43.21C.110(1)(a). Nothing in this section shall invalidate
28 categorical exemptions or environmental review procedures adopted by
29 a city or county under a planned action pursuant to RCW 43.21C.440.
30 However, any categorical exemption adopted by a city or county under
31 this section shall be subject to the rules of the department adopted
32 according to RCW 43.21C.110(1)(a) that provide exceptions to the use
33 of categorical exemptions adopted by the department.

34 NEW SECTION. Sec. 7. A new section is added to chapter 64.38
35 RCW to read as follows:

36 (1) Governing documents created after the effective date of this
37 section and applicable to associations located fully or partially
38 within a station area as defined in RCW 36.70A.030 may not prohibit
39 the construction or development of multifamily housing or transit-

1 oriented development density that must be permitted by cities under
2 section 3 of this act or require off-street parking inconsistent or
3 in conflict with section 5 of this act.

4 (2) This section expires January 1, 2028.

5 NEW SECTION. **Sec. 8.** A new section is added to chapter 64.90
6 RCW to read as follows:

7 Declarations and governing documents created after the effective
8 date of this section and applicable to a common interest community
9 located fully or partially within a station area as defined in RCW
10 36.70A.030 may not prohibit the construction or development of
11 multifamily housing or transit-oriented development density that must
12 be permitted by cities under section 3 of this act or require off-
13 street parking inconsistent or in conflict with section 5 of this
14 act.

15 NEW SECTION. **Sec. 9.** A new section is added to chapter 64.34
16 RCW to read as follows:

17 (1) A declaration created after the effective date of this
18 section and applicable to an association located fully or partially
19 within a station area as defined in RCW 36.70A.030 may not prohibit
20 the construction or development of multifamily housing or transit-
21 oriented development density that must be permitted by cities under
22 section 3 of this act or require off-street parking inconsistent or
23 in conflict with section 5 of this act.

24 (2) This section expires January 1, 2028.

25 NEW SECTION. **Sec. 10.** A new section is added to chapter 64.32
26 RCW to read as follows:

27 (1) A declaration created after the effective date of this
28 section and applicable to an association of apartment owners located
29 fully or partially within a station area as defined in RCW 36.70A.030
30 may not prohibit the construction or development of multifamily
31 housing or transit-oriented development density that must be
32 permitted by cities under section 3 of this act or require off-street
33 parking inconsistent or in conflict with section 5 of this act.

34 (2) This section expires January 1, 2028.

35 **Sec. 11.** RCW 84.14.010 and 2024 c 332 s 17 are each amended to
36 read as follows:

1 The definitions in this section apply throughout this chapter
2 unless the context clearly requires otherwise.

3 (1) "Affordable housing" means residential housing that is rented
4 by a person or household whose monthly housing costs, including
5 utilities other than telephone, do not exceed thirty percent of the
6 household's monthly income. For the purposes of housing intended for
7 owner occupancy, "affordable housing" means residential housing that
8 is within the means of low or moderate-income households.

9 (2) "Campus facilities master plan" means the area that is
10 defined by the University of Washington as necessary for the future
11 growth and development of its campus facilities for campuses
12 authorized under RCW 28B.45.020.

13 (3) "City" means either (a) a city or town with a population of
14 at least fifteen thousand, (b) the largest city or town, if there is
15 no city or town with a population of at least fifteen thousand,
16 located in a county planning under the growth management act, (c) a
17 city or town with a population of at least five thousand located in a
18 county subject to the provisions of RCW 36.70A.215, (~~(d)~~) (d) any
19 city that otherwise does not meet the qualifications under (a)
20 through (c) of this subsection, until December 31, 2031, that
21 complies with RCW 84.14.020(1)(a)(iii) or 84.14.021(1)(b), or (e) for
22 the exemption authorized in RCW 84.14.020(1)(a)(ii)(D), a city or
23 town with a station area.

24 (4) "Conversion" means the conversion of a nonresidential
25 building, in whole or in part, to multiple-unit housing under this
26 chapter.

27 (5) "County" means a county with an unincorporated population of
28 at least 170,000.

29 (6) "Governing authority" means the local legislative authority
30 of a city or a county having jurisdiction over the property for which
31 an exemption may be applied for under this chapter.

32 (7) "Growth management act" means chapter 36.70A RCW.

33 (8) "Household" means a single person, family, or unrelated
34 persons living together.

35 (9) "Low-income household" means a single person, family, or
36 unrelated persons living together whose adjusted income is at or
37 below eighty percent of the median family income adjusted for family
38 size, for the county, city, or metropolitan statistical area, where
39 the project is located, as reported by the United States department
40 of housing and urban development.

1 (10) "Moderate-income household" means a single person, family,
2 or unrelated persons living together whose adjusted income is more
3 than eighty percent but is at or below one hundred fifteen percent of
4 the median family income adjusted for family size, for the county,
5 city, or metropolitan statistical area, where the project is located,
6 as reported by the United States department of housing and urban
7 development.

8 (11) "Multiple-unit housing" means a building or a group of
9 buildings having four or more dwelling units not designed or used as
10 transient accommodations and not including hotels and motels.
11 Multifamily units may result from new construction or rehabilitated
12 or conversion of vacant, underutilized, or substandard buildings to
13 multifamily housing.

14 (12) "Owner" means the property owner of record.

15 (13) "Permanent residential occupancy" means multiunit housing
16 that provides either rental or owner occupancy on a nontransient
17 basis. This includes owner-occupied or rental accommodation that is
18 leased for a period of at least one month. This excludes hotels and
19 motels that predominately offer rental accommodation on a daily or
20 weekly basis.

21 (14) "Rehabilitation improvements" means modifications to
22 existing structures, that are vacant for twelve months or longer,
23 that are made to achieve a condition of substantial compliance with
24 existing building codes or modification to existing occupied
25 structures which increase the number of multifamily housing units.

26 (15) "Residential targeted area" means an area within an urban
27 center or urban growth area that has been designated by the governing
28 authority as a residential targeted area in accordance with this
29 chapter. With respect to designations after July 1, 2007,
30 "residential targeted area" may not include a campus facilities
31 master plan.

32 (16) "Rural county" means a county with a population between
33 fifty thousand and seventy-one thousand and bordering Puget Sound.

34 (17) "Station area" has the same meaning as defined in RCW
35 36.70A.030.

36 (18) "Substantial compliance" means compliance with local
37 building or housing code requirements that are typically required for
38 rehabilitation as opposed to new construction.

1 (~~(18)~~) (19) "Urban center" means a compact identifiable
2 district where urban residents may obtain a variety of products and
3 services. An urban center must contain:

4 (a) Several existing or previous, or both, business
5 establishments that may include but are not limited to shops,
6 offices, banks, restaurants, governmental agencies;

7 (b) Adequate public facilities including streets, sidewalks,
8 lighting, transit, domestic water, and sanitary sewer systems; and

9 (c) A mixture of uses and activities that may include housing,
10 recreation, and cultural activities in association with either
11 commercial or office, or both, use.

12 **Sec. 12.** RCW 84.14.020 and 2021 c 187 s 3 are each amended to
13 read as follows:

14 (1)(a) The value of new housing construction, conversion, and
15 rehabilitation improvements qualifying under this chapter is exempt
16 from ad valorem property taxation, as follows:

17 (i) For properties for which applications for certificates of tax
18 exemption eligibility are submitted under this chapter before July
19 22, 2007, the value is exempt for ten successive years beginning
20 January 1 of the year immediately following the calendar year of
21 issuance of the certificate;

22 (ii) For properties for which applications for certificates of
23 tax exemption eligibility are submitted under this chapter on or
24 after July 22, 2007, the value is exempt:

25 (A) For eight successive years beginning January 1st of the year
26 immediately following the calendar year of issuance of the
27 certificate;

28 (B) For twelve successive years beginning January 1st of the year
29 immediately following the calendar year of issuance of the
30 certificate, if the property otherwise qualifies for the exemption

31 under this chapter and meets the conditions in this subsection
32 (1)(a)(ii)(B). For the property to qualify for the twelve-year
33 exemption under this subsection, the applicant must commit to renting
34 or selling at least twenty percent of the multifamily housing units
35 as affordable housing units to low and moderate-income households,
36 and the property must satisfy that commitment and any additional
37 affordability and income eligibility conditions adopted by the local
38 government under this chapter. In the case of projects intended
39 exclusively for owner occupancy, the minimum requirement of this

1 subsection (1)(a)(ii)(B) may be satisfied solely through housing
2 affordable to moderate-income households; ((~~or~~))

3 (C) For 20 successive years beginning January 1st of the year
4 immediately following the calendar year of issuance of the
5 certificate, if the property otherwise qualifies for the exemption
6 under this chapter and meets the conditions in this subsection
7 (1)(a)(ii)(C). For the property to qualify for the 20-year exemption
8 under this subsection, the project must be located within one mile of
9 high capacity transit of at least 15 minute scheduled frequency, in a
10 city that has implemented, as of July 25, 2021, a mandatory
11 inclusionary zoning requirement for affordable housing that ensures
12 affordability of housing units for a period of at least 99 years and
13 that has a population of no more than 65,000 as measured on July 25,
14 2021. To qualify for the exemption provided in this subsection
15 (1)(a)(ii)(C), the applicant must commit to renting at least 20
16 percent of the dwelling units as affordable to low-income households
17 for a term of at least 99 years, and the property must satisfy that
18 commitment and all required affordability and income eligibility
19 conditions adopted by the local government under this chapter. A city
20 must require the applicant to record a covenant or deed restriction
21 that ensures the continuing rental of units subject to these
22 affordability requirements consistent with the conditions in this
23 subsection (1)(a)(ii)(C) for a period of no less than 99 years. The
24 covenant or deed restriction must also address criteria and policies
25 to maintain public benefit if the property is converted to a use
26 other than which continues to provide for permanently affordable low-
27 income housing consistent with this subsection (1)(a)(ii)(C); or

28 (D) For 20 successive years beginning January 1st of the year
29 immediately following the calendar year of issuance of the
30 certificate, if the property is located fully or partially with a
31 station area of a city and meets the affordability requirements in
32 section 3(7)(a) of this act. A city must require the applicant to
33 record a covenant or deed restriction that ensures the continuing
34 rental or ownership of units subject to the affordability
35 requirements in section 3(7)(a) of this act for a period of no less
36 than 50 years. The covenant or deed restriction must also address
37 criteria and policies to maintain public benefit if the property is
38 converted to a use other than one which continues to provide for
39 permanently affordable low-income housing consistent with section
40 3(7)(a) of this act; and

1 (iii) Until December 31, 2026, for a city as defined in RCW
2 84.14.010(3)(d), for 12 successive years beginning January 1st of the
3 year immediately following the calendar year of issuance of the
4 certificate, if the property otherwise qualifies for the exemption
5 under this chapter and meets the conditions in this subsection
6 (1)(a)(iii). For the property to qualify for the 12-year exemption
7 under this subsection, the applicant must commit to renting or
8 selling at least 20 percent of the multifamily housing units as
9 affordable housing units to low and moderate-income households, the
10 property must satisfy that commitment and any additional
11 affordability and income eligibility conditions adopted by the local
12 government under this chapter, and the area must be zoned to have an
13 average minimum density equivalent to 15 dwelling units or more per
14 gross acre, or for cities with a population over 20,000, the area
15 must be zoned to have an average minimum density equivalent to 25
16 dwelling units or more per gross acre. In the case of projects
17 intended exclusively for owner occupancy, the minimum requirement of
18 this subsection (1)(a)(iii) may be satisfied solely through housing
19 affordable to low-income or moderate-income households.

20 (b) The exemptions provided in (a)(i) through (iii) of this
21 subsection do not include the value of land or nonhousing-related
22 improvements not qualifying under this chapter.

23 (c) For properties receiving an exemption as provided in
24 (a)(ii)(B) of this subsection that are in compliance with existing
25 contracts and where the certificate of tax exemption is set to expire
26 after June 11, 2020, but before December 31, 2021, the exemption is
27 extended until December 31, 2021, provided that the property must
28 satisfy any eligibility criteria or limitations provided in this
29 chapter as a condition to the existing exemption for a given property
30 continue to be met. For all properties eligible to receive an
31 extension pursuant to this subsection (1)(c), the city or county that
32 issued the initial certificate of tax exemption, as required in RCW
33 84.14.090, must notify the county assessor and the applicant of the
34 extension of the certificate of tax exemption.

35 (2) When a local government adopts guidelines pursuant to RCW
36 84.14.030(2) and includes conditions that must be satisfied with
37 respect to individual dwelling units, rather than with respect to the
38 multiple-unit housing as a whole or some minimum portion thereof, the
39 exemption may, at the local government's discretion, be limited to

1 the value of the qualifying improvements allocable to those dwelling
2 units that meet the local guidelines.

3 (3) In the case of rehabilitation of existing buildings, the
4 exemption does not include the value of improvements constructed
5 prior to the submission of the application required under this
6 chapter. The incentive provided by this chapter is in addition to any
7 other incentives, tax credits, grants, or other incentives provided
8 by law.

9 (4) This chapter does not apply to increases in assessed
10 valuation made by the assessor on nonqualifying portions of building
11 and value of land nor to increases made by lawful order of a county
12 board of equalization, the department of revenue, or a county, to a
13 class of property throughout the county or specific area of the
14 county to achieve the uniformity of assessment or appraisal required
15 by law.

16 (5) At the conclusion of the exemption period, the value of the
17 new housing construction, conversion, or rehabilitation improvements
18 must be considered as new construction for the purposes of chapters
19 84.55 and 36.21 RCW as though the property was not exempt under this
20 chapter.

21 (6) For properties that qualified for, satisfied the conditions
22 of, and utilized the exemption under subsection (1)(a)(ii)(A) or (B)
23 of this section, following the initial exemption period or the
24 extension period authorized in subsection (1)(c) of this section, the
25 exemption period may be extended for an additional 12 years for
26 projects that are within 18 months of expiration contingent on city
27 or county approval. For the property to qualify for an extension
28 under this subsection (6), the applicant must meet at a minimum the
29 locally adopted requirements for the property to qualify for an
30 exemption under subsection (1)(a)(ii)(B) of this section as
31 applicable at the time of the extension application, and the
32 applicant commits to renting or selling at least 20 percent of the
33 multifamily housing units as affordable housing units for low-income
34 households.

35 (7) At the end of both the tenth and eleventh years of an
36 extension, for twelve-year extensions of the exemption, applicants
37 must provide tenants of rent-restricted units with notification of
38 intent to provide the tenant with rental relocation assistance as
39 provided in subsection (8) of this section.

1 (8) (a) Except as provided in (b) of this subsection, for any 12-
2 year exemption authorized under subsection (1)(a)(ii)(B) or (iii) of
3 this section after July 25, 2021, or for any 12-year exemption
4 extension authorized under subsection (6) of this section, at the
5 expiration of the exemption the applicant must provide tenant
6 relocation assistance in an amount equal to one month's rent to a
7 qualified tenant within the final month of the qualified tenant's
8 lease. To be eligible for tenant relocation assistance under this
9 subsection, the tenant must occupy an income-restricted unit at the
10 time the exemption expires and must qualify as a low-income household
11 under this chapter at the time relocation assistance is sought.

12 (b) If affordability requirements consistent, at a minimum, with
13 those required under subsection (1)(a)(ii)(B) or (iii) of this
14 section remain in place for the unit after the expiration of the
15 exemption, relocation assistance in an amount equal to one month's
16 rent must be provided to a qualified tenant within the final month of
17 a qualified tenant's lease who occupies an income-restricted unit at
18 the time those additional affordability requirements cease to apply
19 to the unit.

20 (9) No new exemptions may be provided under this section
21 beginning on or after January 1, 2032. No extensions may be granted
22 under subsection (6) of this section on or after January 1, 2046.

23 **Sec. 13.** RCW 84.14.030 and 2021 c 187 s 9 are each amended to
24 read as follows:

25 An owner of property making application under this chapter must
26 meet the following requirements:

27 (1) The new or rehabilitated multiple-unit housing must be
28 (~~located~~):

29 (a) Located in a residential targeted area as designated by the
30 city or county; or

31 (b) Be located fully or partially within a station area if
32 applying under RCW 84.14.020(1)(a)(ii)(D);

33 (2) The multiple-unit housing must meet guidelines as adopted by
34 the governing authority that may include height, density, public
35 benefit features, number and size of proposed development, parking,
36 income limits for occupancy, limits on rents or sale prices, and
37 other adopted requirements indicated necessary by the city or county.
38 The required amenities should be relative to the size of the project
39 and tax benefit to be obtained;

1 (3) The new, converted, or rehabilitated multiple-unit housing
2 must provide for a minimum of fifty percent of the space for
3 permanent residential occupancy. In the case of existing occupied
4 multifamily development, the multifamily housing must also provide
5 for a minimum of four additional multifamily units. Existing
6 multifamily vacant housing that has been vacant for twelve months or
7 more does not have to provide additional multifamily units;

8 (4) New construction multifamily housing and rehabilitation
9 improvements must be completed within three years from the date of
10 approval of the application, plus any extension authorized under RCW
11 84.14.090(5);

12 (5) Property proposed to be rehabilitated must fail to comply
13 with one or more standards of the applicable state or local building
14 or housing codes on or after July 23, 1995. If the property proposed
15 to be rehabilitated is not vacant, an applicant must provide each
16 existing tenant housing of comparable size, quality, and price and a
17 reasonable opportunity to relocate; and

18 (6) The applicant must enter into a contract with the city or
19 county approved by the governing authority, or an administrative
20 official or commission authorized by the governing authority, under
21 which the applicant has agreed to the implementation of the
22 development on terms and conditions satisfactory to the governing
23 authority.

24 **Sec. 14.** RCW 84.14.060 and 2014 c 96 s 5 are each amended to
25 read as follows:

26 (1) The duly authorized administrative official or committee of
27 the city or county may approve the application if it finds that:

28 (a) A minimum of four new units are being constructed or in the
29 case of occupied rehabilitation or conversion a minimum of four
30 additional multifamily units are being developed;

31 (b) If applicable, the proposed multiunit housing project meets
32 the affordable housing requirements as described in ((~~RCW 84.14.020~~))
33 this chapter;

34 (c) The proposed project is or will be, at the time of
35 completion, in conformance with all local plans and regulations that
36 apply at the time the application is approved;

37 (d) The owner has complied with all standards and guidelines
38 adopted by the city or county under this chapter and, if applicable,
39 section 3 of this act; and

1 (e) The site is located in a residential targeted area of an
2 urban center or urban growth area that has been designated by the
3 governing authority in accordance with procedures and guidelines
4 indicated in RCW 84.14.040, or is located fully or partially within a
5 station area if applying under RCW 84.14.020(1)(a)(ii)(D).

6 (2) An application may not be approved after July 1, 2007, if any
7 part of the proposed project site is within a campus facilities
8 master plan, except as provided in RCW 84.14.040(1)(d).

9 (3) An application may not be approved for a residential targeted
10 area in a rural county on or after January 1, 2020.

11 **Sec. 15.** RCW 84.14.090 and 2021 c 187 s 10 are each amended to
12 read as follows:

13 (1) Upon completion of rehabilitation or new construction for
14 which an application for a limited tax exemption under this chapter
15 has been approved and after issuance of the certificate of occupancy,
16 the owner must file with the city or county the following:

17 (a) A statement of the amount of rehabilitation or construction
18 expenditures made with respect to each housing unit and the composite
19 expenditures made in the rehabilitation or construction of the entire
20 property;

21 (b) A description of the work that has been completed and a
22 statement that the rehabilitation improvements or new construction on
23 the owner's property qualify the property for limited exemption under
24 this chapter;

25 (c) If applicable, a statement that the project meets the
26 affordable housing requirements as described in ~~((RCW 84.14.020))~~
27 this chapter; and

28 (d) A statement that the work has been completed within three
29 years of the issuance of the conditional certificate of tax
30 exemption.

31 (2) Within ~~((thirty))~~ 30 days after receipt of the statements
32 required under subsection (1) of this section, the authorized
33 representative of the city or county must determine whether the work
34 completed, and the affordability of the units, is consistent with the
35 application and the contract approved by the city or county and is
36 qualified for a limited tax exemption under this chapter. The city or
37 county must also determine which specific improvements completed meet
38 the requirements and required findings.

1 (3) If the rehabilitation, conversion, or construction is
2 completed within three years of the date the application for a
3 limited tax exemption is filed under this chapter, or within an
4 authorized extension of this time limit, and the authorized
5 representative of the city or county determines that improvements
6 were constructed consistent with the application and other applicable
7 requirements, including if applicable, affordable housing
8 requirements, and the owner's property is qualified for a limited tax
9 exemption under this chapter, the city or county must file the
10 certificate of tax exemption with the county assessor within ~~((ten))~~
11 10 days of the expiration of the ~~((thirty))~~ 30-day period provided
12 under subsection (2) of this section.

13 (4) The authorized representative of the city or county must
14 notify the applicant that a certificate of tax exemption is not going
15 to be filed if the authorized representative determines that:

16 (a) The rehabilitation or new construction was not completed
17 within three years of the application date, or within any authorized
18 extension of the time limit;

19 (b) The improvements were not constructed consistent with the
20 application or other applicable requirements;

21 (c) If applicable, the affordable housing requirements as
22 described in ~~((RCW 84.14.020))~~ this chapter were not met; or

23 (d) The owner's property is otherwise not qualified for limited
24 exemption under this chapter.

25 (5) If the authorized representative of the city or county finds
26 that construction or rehabilitation of multiple-unit housing was not
27 completed within the required time period due to circumstances beyond
28 the control of the owner and that the owner has been acting and could
29 reasonably be expected to act in good faith and with due diligence,
30 the governing authority or the city or county official authorized by
31 the governing authority may extend the deadline for completion of
32 construction or rehabilitation for a period not to exceed ~~((twenty-~~
33 ~~four))~~ 24 consecutive months. For preliminary or final applications
34 submitted on or before February 15, 2020, with any outstanding
35 application requirements, such as obtaining a temporary certificate
36 of occupancy, the city or county may choose to extend the deadline
37 for completion for an additional five years. The five-year extension
38 begins immediately following the completion of any outstanding
39 applications or previously authorized extensions, whichever is later.

1 (6) The governing authority may provide by ordinance for an
2 appeal of a decision by the deciding officer or authority that an
3 owner is not entitled to a certificate of tax exemption to the
4 governing authority, a hearing examiner, or other city or county
5 officer authorized by the governing authority to hear the appeal in
6 accordance with such reasonable procedures and time periods as
7 provided by ordinance of the governing authority. The owner may
8 appeal a decision by the deciding officer or authority that is not
9 subject to local appeal or a decision by the local appeal authority
10 that the owner is not entitled to a certificate of tax exemption in
11 superior court under RCW 34.05.510 through 34.05.598, if the appeal
12 is filed within (~~thirty~~) 30 days of notification by the city or
13 county to the owner of the decision being challenged.

14 **Sec. 16.** RCW 84.14.100 and 2021 c 187 s 5 are each amended to
15 read as follows:

16 (1) Thirty days after the anniversary of the date of the
17 certificate of tax exemption and each year for the tax exemption
18 period, the owner of the rehabilitated or newly constructed property,
19 or the qualified nonprofit or local government that will assure
20 permanent affordable homeownership for at least 25 percent of the
21 units for properties receiving an exemption under RCW 84.14.021, must
22 file with a designated authorized representative of the city or
23 county an annual report indicating the following:

24 (a) A statement of occupancy and vacancy of the rehabilitated or
25 newly constructed property during the twelve months ending with the
26 anniversary date;

27 (b) A certification by the owner that the property has not
28 changed use and, if applicable, that the property has been in
29 compliance with the affordable housing requirements as described in
30 (~~RCW 84.14.020~~) this chapter since the date of the certificate
31 approved by the city or county;

32 (c) A description of changes or improvements constructed after
33 issuance of the certificate of tax exemption; and

34 (d) Any additional information requested by the city or county in
35 regards to the units receiving a tax exemption.

36 (2) All cities or counties, which issue certificates of tax
37 exemption for multiunit housing that conform to the requirements of
38 this chapter, must report annually by April 1st of each year,
39 beginning in 2007, to the department of commerce. A city or county

1 must be in compliance with the reporting requirements of this section
2 to offer certificates of tax exemption for multiunit housing
3 authorized in this chapter. The report must include the following
4 information:

5 (a) The number of tax exemption certificates granted;

6 (b) The total number and type of units produced or to be
7 produced;

8 (c) The number, size, and type of units produced or to be
9 produced meeting affordable housing requirements;

10 (d) The actual development cost of each unit produced;

11 (e) The total monthly rent or total sale amount of each unit
12 produced;

13 (f) The annual household income and household size for each of
14 the affordable units receiving a tax exemption and a summary of these
15 figures for the city or county; and

16 (g) The value of the tax exemption for each project receiving a
17 tax exemption and the total value of tax exemptions granted.

18 (3) (a) The department of commerce must adopt and implement a
19 program to effectively audit or review that the owner or operator of
20 each property for which a certificate of tax exemption has been
21 issued, except for those properties receiving an exemption that are
22 owned or operated by a nonprofit or for those properties receiving an
23 exemption from a city or county that operates an independent audit or
24 review program, is offering the number of units at rents as committed
25 to in the approved application for an exemption and that the tenants
26 are being properly screened to be qualified for an income-restricted
27 unit. The audit or review program must be adopted in consultation
28 with local governments and other stakeholders and may be based on
29 auditing a percentage of income-restricted units or properties
30 annually. A private owner or operator of a property for which a
31 certificate of tax exemption has been issued under this chapter, must
32 be audited at least once every five years.

33 (b) If the review or audit required under (a) of this subsection
34 for a given property finds that the owner or operator is not offering
35 the number of units at rents as committed to in the approved
36 application or is not properly screening tenants for income-
37 restricted units, the department of commerce must notify the city or
38 county and the city or county must impose and collect a sliding scale
39 penalty not to exceed an amount calculated by subtracting the amount
40 of rents that would have been collected had the owner or operator

1 complied with their commitment from the amount of rents collected by
2 the owner or operator for the income-restricted units, with
3 consideration of the severity of the noncompliance. If a subsequent
4 review or audit required under (a) of this subsection for a given
5 property finds continued substantial noncompliance with the program
6 requirements, the exemption certificate must be canceled pursuant to
7 RCW 84.14.110.

8 (c) The department of commerce may impose and collect a fee, not
9 to exceed the costs of the audit or review, from the owner or
10 operator of any property subject to an audit or review required under
11 (a) of this subsection.

12 (4) The department of commerce must provide guidance to cities
13 and counties, which issue certificates of tax exemption for multiunit
14 housing that conform to the requirements of this chapter, on best
15 practices in managing and reporting for the exemption programs
16 authorized under this chapter, including guidance for cities and
17 counties to collect and report demographic information for tenants of
18 units receiving a tax exemption under this chapter.

19 (5) This section expires January 1, 2058.

20 **Sec. 17.** RCW 84.14.110 and 2012 c 194 s 10 are each amended to
21 read as follows:

22 (1) If improvements have been exempted under this chapter, the
23 improvements continue to be exempted for the applicable period under
24 RCW 84.14.020, so long as they are not converted to another use and
25 continue to satisfy all applicable conditions. If the owner intends
26 to convert the multifamily development to another use, or if
27 applicable, if the owner intends to discontinue compliance with the
28 affordable housing requirements as described in ((~~RCW 84.14.020~~))
29 this chapter or any other condition to exemption, the owner must
30 notify the assessor within sixty days of the change in use or
31 intended discontinuance. If, after a certificate of tax exemption has
32 been filed with the county assessor, the authorized representative of
33 the governing authority discovers that a portion of the property is
34 changed or will be changed to a use that is other than residential or
35 that housing or amenities no longer meet the requirements, including,
36 if applicable, affordable housing requirements, as previously
37 approved or agreed upon by contract between the city or county and
38 the owner and that the multifamily housing, or a portion of the

1 housing, no longer qualifies for the exemption, the tax exemption
2 must be canceled and the following must occur:

3 (a) Additional real property tax must be imposed upon the value
4 of the nonqualifying improvements in the amount that would normally
5 be imposed, plus a penalty must be imposed amounting to twenty
6 percent. This additional tax is calculated based upon the difference
7 between the property tax paid and the property tax that would have
8 been paid if it had included the value of the nonqualifying
9 improvements dated back to the date that the improvements were
10 converted to a nonmultifamily use;

11 (b) The tax must include interest upon the amounts of the
12 additional tax at the same statutory rate charged on delinquent
13 property taxes from the dates on which the additional tax could have
14 been paid without penalty if the improvements had been assessed at a
15 value without regard to this chapter; and

16 (c) The additional tax owed together with interest and penalty
17 must become a lien on the land and attach at the time the property or
18 portion of the property is removed from multifamily use or the
19 amenities no longer meet applicable requirements, and has priority to
20 and must be fully paid and satisfied before a recognizance, mortgage,
21 judgment, debt, obligation, or responsibility to or with which the
22 land may become charged or liable. The lien may be foreclosed upon
23 expiration of the same period after delinquency and in the same
24 manner provided by law for foreclosure of liens for delinquent real
25 property taxes. An additional tax unpaid on its due date is
26 delinquent. From the date of delinquency until paid, interest must be
27 charged at the same rate applied by law to delinquent ad valorem
28 property taxes.

29 (2) Upon a determination that a tax exemption is to be canceled
30 for a reason stated in this section, the governing authority or
31 authorized representative must notify the record owner of the
32 property as shown by the tax rolls by mail, return receipt requested,
33 of the determination to cancel the exemption. The owner may appeal
34 the determination to the governing authority or authorized
35 representative, within thirty days by filing a notice of appeal with
36 the clerk of the governing authority, which notice must specify the
37 factual and legal basis on which the determination of cancellation is
38 alleged to be erroneous. The governing authority or a hearing
39 examiner or other official authorized by the governing authority may
40 hear the appeal. At the hearing, all affected parties may be heard

1 and all competent evidence received. After the hearing, the deciding
2 body or officer must either affirm, modify, or repeal the decision of
3 cancellation of exemption based on the evidence received. An
4 aggrieved party may appeal the decision of the deciding body or
5 officer to the superior court under RCW 34.05.510 through 34.05.598.

6 (3) Upon determination by the governing authority or authorized
7 representative to terminate an exemption, the county officials having
8 possession of the assessment and tax rolls must correct the rolls in
9 the manner provided for omitted property under RCW 84.40.080. The
10 county assessor must make such a valuation of the property and
11 improvements as is necessary to permit the correction of the rolls.
12 The value of the new housing construction, conversion, and
13 rehabilitation improvements added to the rolls is considered as new
14 construction for the purposes of chapter 84.55 RCW. The owner may
15 appeal the valuation to the county board of equalization under
16 chapter 84.48 RCW and according to the provisions of RCW 84.40.038.
17 If there has been a failure to comply with this chapter, the property
18 must be listed as an omitted assessment for assessment years
19 beginning January 1 of the calendar year in which the noncompliance
20 first occurred, but the listing as an omitted assessment may not be
21 for a period more than three calendar years preceding the year in
22 which the failure to comply was discovered.

23 NEW SECTION. **Sec. 18.** A new section is added to chapter 84.14
24 RCW to read as follows:

25 The governing authority of a city with a station area must adopt
26 and implement standards and guidelines to be used in considering
27 applications and making the determinations required under RCW
28 84.14.060. The standards and guidelines must establish basic
29 requirements for both new construction and rehabilitation, which must
30 include:

- 31 (1) Application process and procedures;
- 32 (2) Income and rent standards for affordable units that meet the
33 requirements of section 3(7)(a) of this act;
- 34 (3) Requirements that address demolition of existing structures
35 and site utilization; and
- 36 (4) Building requirements that comply with this act.

37 **Sec. 19.** RCW 82.02.060 and 2023 c 337 s 10 are each amended to
38 read as follows:

1 The local ordinance by which impact fees are imposed:

2 (1) Shall include a schedule of impact fees which shall be
3 adopted for each type of development activity that is subject to
4 impact fees, specifying the amount of the impact fee to be imposed
5 for each type of system improvement. The schedule shall be based upon
6 a formula or other method of calculating such impact fees. The
7 schedule shall reflect the proportionate impact of new housing units,
8 including multifamily and condominium units, based on the square
9 footage, number of bedrooms, or trips generated, in the housing unit
10 in order to produce a proportionally lower impact fee for smaller
11 housing units. In determining proportionate share, the formula or
12 other method of calculating impact fees shall incorporate, among
13 other things, the following:

14 (a) The cost of public facilities necessitated by new
15 development;

16 (b) An adjustment to the cost of the public facilities for past
17 or future payments made or reasonably anticipated to be made by new
18 development to pay for particular system improvements in the form of
19 user fees, debt service payments, taxes, or other payments earmarked
20 for or proratable to the particular system improvement;

21 (c) The availability of other means of funding public facility
22 improvements;

23 (d) The cost of existing public facilities improvements; and

24 (e) The methods by which public facilities improvements were
25 financed;

26 (2) May provide an exemption for low-income housing, and other
27 development activities with broad public purposes, including
28 development of an early learning facility, from these impact fees,
29 provided that the impact fees for such development activity shall be
30 paid from public funds other than impact fee accounts;

31 (3) (a) May not impose an impact fee on development activities of
32 an early learning facility greater than that imposed on commercial
33 retail or commercial office development activities that generate a
34 similar number, volume, type, and duration of vehicle trips;

35 (b) When a facility or development has more than one use, the
36 limitations in this subsection (3) or the exemption applicable to an
37 early learning facility in subsections (2) and (4) of this section
38 only apply to that portion that is developed as an early learning
39 facility. The impact fee assessed on an early learning facility in
40 such a development or facility may not exceed the least of the impact

1 fees assessed on comparable businesses in the facility or
2 development;

3 (4) May provide an exemption from impact fees for low-income
4 housing or for early learning facilities. Local governments that
5 grant exemptions for low-income housing or for early learning
6 facilities under this subsection (4) may either: Grant a partial
7 exemption of not more than (~~eighty~~) 80 percent of impact fees, in
8 which case there is no explicit requirement to pay the exempted
9 portion of the fee from public funds other than impact fee accounts;
10 or provide a full waiver, in which case the remaining percentage of
11 the exempted fee must be paid from public funds other than impact fee
12 accounts, except as provided in (b) of this subsection. These
13 exemptions are subject to the following requirements:

14 (a) An exemption for low-income housing granted under subsection
15 (2) of this section or this subsection (4) must be conditioned upon
16 requiring the developer to record a covenant that, except as provided
17 otherwise by this subsection, prohibits using the property for any
18 purpose other than for low-income housing. At a minimum, the covenant
19 must address price restrictions and household income limits for the
20 low-income housing, and that if the property is converted to a use
21 other than for low-income housing, the property owner must pay the
22 applicable impact fees in effect at the time of conversion;

23 (b) An exemption for early learning facilities granted under
24 subsection (2) of this section or this subsection (4) may be a full
25 waiver without an explicit requirement to pay the exempted portion of
26 the fee from public funds other than impact fee accounts if the local
27 government requires the developer to record a covenant that requires
28 that at least 25 percent of the children and families using the early
29 learning facility qualify for state subsidized child care, including
30 early childhood education and assistance under chapter 43.216 RCW,
31 and that provides that if the property is converted to a use other
32 than for an early learning facility, the property owner must pay the
33 applicable impact fees in effect at the time of conversion, and that
34 also provides that if at no point during a calendar year does the
35 early learning facility achieve the required percentage of children
36 and families qualified for state subsidized child care using the
37 early learning facility, the property owner must pay 20 percent of
38 the impact fee that would have been imposed on the development had
39 there not been an exemption within 90 days of the local government

1 notifying the property owner of the breach, and any balance remaining
2 thereafter shall be a lien on the property; and

3 (c) Covenants required by (a) and (b) of this subsection must be
4 recorded with the applicable county auditor or recording officer. A
5 local government granting an exemption under subsection (2) of this
6 section or this subsection (4) for low-income housing or an early
7 learning facility may not collect revenue lost through granting an
8 exemption by increasing impact fees unrelated to the exemption. A
9 school district who receives school impact fees must approve any
10 exemption under subsection (2) of this section or this subsection
11 (4);

12 (5) Shall provide a credit for the value of any dedication of
13 land for, improvement to, or new construction of any system
14 improvements provided by the developer, to facilities that are
15 identified in the capital facilities plan and that are required by
16 the county, city, or town as a condition of approving the development
17 activity;

18 (6) Shall allow the county, city, or town imposing the impact
19 fees to adjust the standard impact fee at the time the fee is imposed
20 to consider unusual circumstances in specific cases to ensure that
21 impact fees are imposed fairly;

22 (7) Shall include a provision for calculating the amount of the
23 fee to be imposed on a particular development that permits
24 consideration of studies and data submitted by the developer to
25 adjust the amount of the fee;

26 (8) Shall establish one or more reasonable service areas within
27 which it shall calculate and impose impact fees for various land use
28 categories per unit of development;

29 (9) May provide for the imposition of an impact fee for system
30 improvement costs previously incurred by a county, city, or town to
31 the extent that new growth and development will be served by the
32 previously constructed improvements provided such fee shall not be
33 imposed to make up for any system improvement deficiencies; (~~and~~)

34 (10) Shall provide a 50 percent reduction of the impact fees
35 specified in the schedule of impact fees for system improvements
36 under RCW 82.02.090(7)(a) if the project is within a station area and
37 claiming a multiple-unit housing property tax exemption under RCW
38 84.14.020(1)(a)(ii)(D); and

39 (11) Must adopt or amend by ordinance, and incorporate into their
40 development regulations, zoning regulations, and other official

1 controls the requirements of this section to take effect six months
2 after the jurisdiction's next periodic comprehensive plan update
3 required under RCW 36.70A.130.

4 For purposes of this section, "low-income housing" means housing
5 with a monthly housing expense, that is no greater than (~~thirty~~) 30
6 percent of (~~eighty~~) 80 percent of the median family income adjusted
7 for family size, for the county where the project is located, as
8 reported by the United States department of housing and urban
9 development.

10 For the purposes of this section, "early learning facility" has
11 the same meaning as in RCW 43.31.565.

12 **Sec. 20.** RCW 82.02.090 and 2023 c 121 s 2 are each amended to
13 read as follows:

14 The definitions in this section apply throughout this section and
15 RCW 82.02.050 through 82.02.080 unless the context clearly requires
16 otherwise.

17 (1) "Development activity" means any construction or expansion of
18 a building, structure, or use, any change in use of a building or
19 structure, or any changes in the use of land, that creates additional
20 demand and need for public facilities. "Development activity" does
21 not include:

22 (a) Buildings or structures constructed by a regional transit
23 authority; or

24 (b) Buildings or structures constructed as shelters that provide
25 emergency housing for people experiencing homelessness, or emergency
26 shelters for victims of domestic violence, as defined in RCW
27 70.123.020.

28 (2) "Development approval" means any written authorization from a
29 county, city, or town which authorizes the commencement of
30 development activity.

31 (3) "Impact fee" means a payment of money imposed upon
32 development as a condition of development approval to pay for public
33 facilities needed to serve new growth and development, and that is
34 reasonably related to the new development that creates additional
35 demand and need for public facilities, that is a proportionate share
36 of the cost of the public facilities, and that is used for facilities
37 that reasonably benefit the new development. "Impact fee" does not
38 include a reasonable permit or application fee.

1 (4) "Owner" means the owner of record of real property, although
2 when real property is being purchased under a real estate contract,
3 the purchaser is considered the owner of the real property if the
4 contract is recorded.

5 (5) "Project improvements" mean site improvements and facilities
6 that are planned and designed to provide service for a particular
7 development project and that are necessary for the use and
8 convenience of the occupants or users of the project, and are not
9 system improvements. An improvement or facility included in a capital
10 facilities plan approved by the governing body of the county, city,
11 or town is not considered a project improvement.

12 (6) "Proportionate share" means that portion of the cost of
13 public facility improvements that are reasonably related to the
14 service demands and needs of new development.

15 (7) "Public facilities" means the following capital facilities
16 owned or operated by government entities: (a) Public streets, roads,
17 and bicycle and pedestrian facilities that were designed with
18 multimodal commuting as an intended use; (b) publicly owned parks,
19 open space, and recreation facilities; (c) school facilities; and (d)
20 fire protection facilities.

21 (8) "Service area" means a geographic area defined by a county,
22 city, town, or intergovernmental agreement in which a defined set of
23 public facilities provide service to development within the area.
24 Service areas must be designated on the basis of sound planning or
25 engineering principles.

26 (9) "Station area" has the same meaning as defined in RCW
27 36.70A.030.

28 (10) "System improvements" mean public facilities that are
29 included in the capital facilities plan and are designed to provide
30 service to service areas within the community at large, in contrast
31 to project improvements.

32 NEW SECTION. **Sec. 21.** Sections 11 through 18 of this act apply
33 to property taxes levied for collection in 2026 and thereafter.

34 NEW SECTION. **Sec. 22.** If specific funding for the purposes of
35 this act, referencing this act by bill or chapter number, is not
36 provided by June 30, 2025, in the omnibus appropriations act, this
37 act is null and void."

ADOPTED AS AMENDED 04/15/2025

1 On page 1, line 2 of the title, after "development;" strike the
2 remainder of the title and insert "amending RCW 36.70A.030,
3 43.21C.229, 84.14.010, 84.14.020, 84.14.030, 84.14.060, 84.14.090,
4 84.14.100, 84.14.110, 82.02.060, and 82.02.090; adding new sections
5 to chapter 36.70A RCW; adding a new section to chapter 64.38 RCW;
6 adding a new section to chapter 64.90 RCW; adding a new section to
7 chapter 64.34 RCW; adding a new section to chapter 64.32 RCW; adding
8 a new section to chapter 84.14 RCW; creating new sections; and
9 providing expiration dates."

EFFECT: • Updates the definition of a major transit stop to exclude a high capacity transportation system funded stop that solely serves express bus service or serves express bus service and other bus services not otherwise meeting the definition of a major transit stop.

• Requires cities adopt regulations that allow for greater building height and increased density in bus station areas for developments built with all mass timber products.

• Adds an affordability option for 10 percent of all residential units to be workforce housing if at least 10 percent of the units are family sized units with more than two bedrooms.

• Exempts from affordability requirements a building subject to affordability requirements with a lower income threshold or a greater amount of required affordable housing that were enacted prior to December 31, 2025, rather than January 1, 2025.

• Allows a city that has enacted an affordable housing incentive program to require a level of affordability that differs or exceeds the affordability requirements.

• Excludes cities that currently provide a 20-year exemption for multifamily residential housing from the requirement to adopt the new 20-year exemption within a station area.

• Clarifies that a city with an incentive program prior to January 1, 2025, which requires public benefits may continue to require such benefits if the plan and implementing development regulations requiring those public benefits provides development capacity that is substantially similar.

• Requires the applicant to record a covenant or deed restriction for the 20-year MFTE program tied to the transit-oriented development (TOD) affordability requirements for a period of no less than 50 years.

• Amends the MFTE provisions to clarify the programs and requirements that apply to station areas.

• Requires a local government to reduce certain impact fees by 50 percent if the project is within a station area and claiming the 20-year MFTE program tied to the TOD affordability requirements.

- Makes technical changes.

--- END ---