
THIRD SUBSTITUTE HOUSE BILL 1491

State of Washington

69th Legislature

2025 Regular Session

By House Appropriations (originally sponsored by Representatives Reed, Richards, Berry, Duerr, Cortes, Doglio, Ryu, Fitzgibbon, Alvarado, Davis, Ramel, Parshley, Mena, Peterson, Nance, Macri, Fosse, Kloba, Ormsby, Scott, Pollet, Hill, Obras, and Simmons)

READ FIRST TIME 02/28/25.

1 AN ACT Relating to promoting community and transit-oriented
2 housing development; amending RCW 36.70A.030, 43.21C.229, 84.14.010,
3 84.14.020, 84.14.030, 84.14.060, 84.14.090, 84.14.100, and 84.14.110;
4 adding new sections to chapter 36.70A RCW; adding a new section to
5 chapter 64.38 RCW; adding a new section to chapter 64.90 RCW; adding
6 a new section to chapter 64.34 RCW; adding a new section to chapter
7 64.32 RCW; adding a new section to chapter 84.14 RCW; creating new
8 sections; and providing expiration dates.

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

10 NEW SECTION. **Sec. 1.** The legislature finds that the state has
11 made groundbreaking investments in state-of-the-art mass transit and
12 intermodal infrastructure. The legislature finds that to maximize the
13 state's return on these investments, land use policies and practices
14 must allow housing development to keep pace with progress being
15 implemented in transportation infrastructure development. The
16 legislature also intends new development to reflect the state's
17 commitment to affordable housing and vibrant, walkable, accessible
18 urban environments that improve health, expand multimodal
19 transportation options, and include varied community facilities,
20 parks, and green spaces that are open to people of all income levels.

1 The legislature recognizes that cities planning under chapter
2 36.70A RCW require direction and technical assistance to ensure the
3 benefits of state transportation investments are maximized and shared
4 equitably while avoiding unnecessary programmatic and cost burdens to
5 local governments in their comprehensive planning, code enactment,
6 and permit processing workloads. The legislature further recognizes
7 that regulatory flexibility and local control are also important
8 features of optimal planning outcomes.

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

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

13 (1) "Active transportation" means forms of pedestrian mobility
14 including walking or running, the use of a mobility assistive device
15 such as a wheelchair, bicycling and cycling irrespective of the
16 number of wheels, and the use of small personal devices such as foot
17 scooters or skateboards. Active transportation includes both
18 traditional and electric assist bicycles and other devices. Planning
19 for active transportation must consider and address accommodation
20 pursuant to the Americans with disabilities act and the distinct
21 needs of each form of active transportation.

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

27 (3) "Administrative design review" means a development permit
28 process whereby an application is reviewed, approved, or denied by
29 the planning director or the planning director's designee based
30 solely on objective design and development standards without a public
31 predecision hearing, unless such review is otherwise required by
32 state or federal law, or the structure is a designated landmark or
33 historic district established under a local preservation ordinance. A
34 city may utilize public meetings, hearings, or voluntary review
35 boards to consider, recommend, or approve requests for variances from
36 locally established design review standards.

37 (4) "Adopt a comprehensive land use plan" means to enact a new
38 comprehensive land use plan or to update an existing comprehensive
39 land use plan.

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

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

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

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

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

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

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

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

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

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

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

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

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

23 (16) "Environmental justice" means the fair treatment and
24 meaningful involvement of all people regardless of race, color,
25 national origin, or income with respect to development,
26 implementation, and enforcement of environmental laws, regulations,
27 and policies. Environmental justice includes addressing
28 disproportionate environmental and health impacts in all laws, rules,
29 and policies with environmental impacts by prioritizing vulnerable
30 populations and overburdened communities and the equitable
31 distribution of resources and benefits.

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

38 (18) "Forestland" means land primarily devoted to growing trees
39 for long-term commercial timber production on land that can be
40 economically and practically managed for such production, including

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

13 (19) "Freight rail dependent uses" means buildings and other
14 infrastructure that are used in the fabrication, processing, storage,
15 and transport of goods where the use is dependent on and makes use of
16 an adjacent short line railroad. Such facilities are both urban and
17 rural development for purposes of this chapter. "Freight rail
18 dependent uses" does not include buildings and other infrastructure
19 that are used in the fabrication, processing, storage, and transport
20 of coal, liquefied natural gas, or "crude oil" as defined in RCW
21 90.56.010.

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

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

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

- 37 (a) Is accessible to the public;
- 38 (b) Promotes physical and mental health of residents;
- 39 (c) Provides relief from the urban heat island effects;
- 40 (d) Promotes recreational and aesthetic values;

1 (e) Protects streams or water supply; or

2 (f) Preserves visual quality along highway, road, or street
3 corridors.

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

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

15 (25) "Major transit stop" means:

16 (a) A stop on a high capacity transportation system funded or
17 expanded under the provisions of chapter 81.104 RCW;

18 (b) Commuter rail stops;

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

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

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

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

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

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

39 (30) "Per capita vehicle miles traveled" means the number of
40 miles traveled using cars and light trucks in a calendar year divided

1 by the number of residents in Washington. The calculation of this
2 value excludes vehicle miles driven conveying freight.

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

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

23 (33) "Public services" include fire protection and suppression,
24 law enforcement, public health, education, recreation, environmental
25 protection, and other governmental services.

26 (34) "Recreational land" means land so designated under RCW
27 36.70A.1701 and that, immediately prior to this designation, was
28 designated as agricultural land of long-term commercial significance
29 under RCW 36.70A.170. Recreational land must have playing fields and
30 supporting facilities existing before July 1, 2004, for sports played
31 on grass playing fields.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

36 (42) "Transportation system" means all infrastructure and
37 services for all forms of transportation within a geographical area,
38 irrespective of the responsible jurisdiction or transportation
39 provider.

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

8 (44) "Urban growth" refers to growth that makes intensive use of
9 land for the location of buildings, structures, and impermeable
10 surfaces to such a degree as to be incompatible with the primary use
11 of land for the production of food, other agricultural products, or
12 fiber, or the extraction of mineral resources, rural uses, rural
13 development, and natural resource lands designated pursuant to RCW
14 36.70A.170. A pattern of more intensive rural development, as
15 provided in RCW 36.70A.070(5)(d), is not urban growth. When allowed
16 to spread over wide areas, urban growth typically requires urban
17 governmental services. "Characterized by urban growth" refers to land
18 having urban growth located on it, or to land located in relationship
19 to an area with urban growth on it as to be appropriate for urban
20 growth.

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

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

29 (47)(a) "Vulnerable populations" means population groups that are
30 more likely to be at higher risk for poor health outcomes in response
31 to environmental harms, due to: (i) Adverse socioeconomic factors,
32 such as unemployment, high housing and transportation costs relative
33 to income, limited access to nutritious food and adequate health
34 care, linguistic isolation, and other factors that negatively affect
35 health outcomes and increase vulnerability to the effects of
36 environmental harms; and (ii) sensitivity factors, such as low birth
37 weight and higher rates of hospitalization.

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

- 39 (i) Racial or ethnic minorities;
40 (ii) Low-income populations; and

1 (iii) Populations disproportionately impacted by environmental
2 harms.

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

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

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

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

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

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

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

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

1 (b) Fully or partially within one-quarter mile walking distance
2 of a stop on a fixed route bus system that is designated as a bus
3 rapid transit stop in the transit development plan as required in RCW
4 35.58.2795, for which an environmental determination has been issued
5 as required under chapter 43.21C RCW, and that features fixed transit
6 assets that indicate permanent, high capacity service including, but
7 not limited to, elevated platforms or enhanced stations, off-board
8 fare collection, dedicated lanes, busways, or transit signal
9 priority.

10 (53) "Station area" means a bus station area or a rail station
11 area.

12 (54) "Workforce housing" means rental housing with monthly costs
13 that do not exceed 30 percent of the monthly income of a household
14 whose income is at or below 80 percent of the median household income
15 adjusted for household size, for the county where the household is
16 located, as reported by the United States department of housing and
17 urban development.

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

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

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

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

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

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

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

37 (i) A maximum floor area ratio of less than the transit-oriented
38 development density in this subsection for any residential or mixed-

1 use development within a station area, unless a city has adopted an
2 exemption for the station area under (a) (ii) of this subsection; or

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

5 (3) For the purposes of this section, "mixed-use development"
6 means a building subject to a regulation specifying allowable
7 residential proportions within mixed-use areas.

8 (4) Within any station area, any building in which all units are
9 affordable or workforce housing for at least 50 years or are
10 dedicated to permanent supportive housing, an additional 1.5 floor
11 area ratio in excess of the transit-oriented development density
12 required under subsection (2) (a) of this section must be permitted.

13 (5) Any floor area within a building located in a station area
14 that is reserved for residential units in multifamily housing that
15 includes at least three bedrooms must not be counted toward
16 applicable floor area ratio limits. A city may require the
17 residential units to comply with affordability requirements to be
18 eligible for an exclusion from the applicable floor area ratio
19 limits.

20 (6) Cities planning under RCW 36.70A.040 may by ordinance
21 designate parts of a station area in which to enact or enforce floor
22 area ratios for residential or mixed-use development that are more or
23 less than the applicable transit-oriented development density, if the
24 average maximum floor area ratio of all residential and mixed-use
25 areas within a station area is no less than the applicable transit-
26 oriented development density.

27 (7) (a) Buildings constructed within a station area must maintain
28 10 percent of all residential units as affordable housing or 20
29 percent of all residential units as workforce housing for at least 50
30 years.

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

33 (i) The building is constructed on a lot in which a density that
34 meets or exceeds the transit-oriented development density in
35 subsection (2) of this section was authorized prior to January 1,
36 2025;

37 (ii) The building is subject to affordability requirements with a
38 lower income threshold or a greater amount of required affordable
39 housing that were enacted by a city prior to January 1, 2025; or

1 (iii) A city has enacted or expands a mandatory program under RCW
2 36.70A.540 that requires a minimum amount of affordable housing that
3 must be provided by residential development, either on-site or
4 through an in-lieu payment as allowed by RCW 36.70A.540, in an area
5 where development regulations must comply with this section. Such
6 mandatory program may be enacted, modified, or expanded by a city in
7 coordination with adopting regulations to comply with this act, and
8 may require an amount of affordable housing that differs or exceeds
9 the amount required. An optional program established under RCW
10 36.70A.540 does not meet the requirements of this subsection
11 (7)(b)(iii).

12 (c) For each building that is exempt from the requirements for
13 affordable or workforce housing under (b)(i) or (ii) of this
14 subsection, the city must identify the density and affordability
15 requirements that apply to the building or parcel in its
16 comprehensive planning documents. For each building that is exempt
17 from the requirements for affordable or workforce housing under
18 (b)(iii) of this subsection, the city must identify the density and
19 affordability requirements that apply to the building or parcel in
20 its municipal code.

21 (8) A city must approve an exemption under RCW
22 84.14.020(1)(a)(ii)(D) for multifamily residential housing within a
23 station area that meets the affordability requirements in subsection
24 (7)(a) of this section and the requirements of chapter 84.14 RCW.

25 (9) A city that has enacted an incentive program prior to January
26 1, 2025, that requires public benefits, such as school capacity,
27 greater amounts of affordable housing, green space, or green
28 infrastructure, in return for additional development allowances, may
29 continue to require such public benefits if complying with the
30 requirements of this section provides additional development capacity
31 that would have triggered the public benefits requirements.

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

39 (b) A city may apply any objective development regulations within
40 a station area that are required for other multifamily residential

1 uses in the same zone, including tree canopy and retention
2 requirements.

3 (c) This subsection (10) does not apply to development
4 regulations that are generally applicable health and safety
5 standards, including building code standards and fire and life safety
6 standards.

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

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

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

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

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

30 (c) Has been designated as containing urban separators by
31 countywide planning policies as of the effective date of this
32 section;

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

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

39 (14) For cities subject to a growth target adopted under RCW
40 36.70A.210 that limits the maximum residential capacity of the

1 jurisdiction, any additional residential capacity required by this
2 section may not be considered an inconsistency with the countywide
3 planning policies, multicounty planning policies, or growth targets
4 adopted under RCW 36.70A.210.

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

13 (b) Any city that is required to review its comprehensive plan by
14 the deadlines specified in RCW 36.70A.130(5)(b), (c), or (d) must
15 comply with the requirements of this section no later than six months
16 after its first comprehensive plan update due after December 31,
17 2024, and thereafter at each comprehensive plan update or
18 implementation progress report following the completion or funding of
19 any transit stop that would create a new station area within the
20 jurisdiction.

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

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

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

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

1 floor area ratio requirements within any areas at high risk of
2 displacement. The department may recertify an extension for
3 additional five-year periods based on evidence of ongoing
4 displacement risk in the area.

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

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

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

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

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

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

26 (c) The department's final decision to approve or reject actions
27 by cities under this subsection (18) may be appealed to the growth
28 management hearings board by filing a petition as provided in RCW
29 36.70A.290.

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

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

34 (1) The infrastructure necessary to accommodate development at
35 transit-oriented development densities within station areas,
36 including water, sewer, stormwater, and transportation infrastructure
37 and parks and recreation facilities;

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

1 (3) The staffing necessary to implement transit-oriented
2 development requirements.

3 NEW SECTION. **Sec. 5.** A new section is added to chapter 36.70A
4 RCW to read as follows:

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

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

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

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

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

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

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

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

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

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

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

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

19 (i) Residential development;

20 (ii) Mixed-use development; or

21 (iii) Commercial development up to 65,000 square feet, excluding
22 retail development;

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

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

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

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

1 (3) All project actions that propose to develop one or more
2 residential housing units within the incorporated areas in an urban
3 growth area designated pursuant to RCW 36.70A.110 or middle housing
4 within the unincorporated areas in an urban growth area designated
5 pursuant to RCW 36.70A.110, and that meet the criteria identified in
6 (a) and (b) of this subsection, are categorically exempt from the
7 requirements of this chapter. For purposes of this section, "middle
8 housing" has the same meaning as in RCW 36.70A.030 as amended by
9 chapter 332, Laws of 2023. Jurisdictions shall satisfy the following
10 criteria prior to the adoption of the categorical exemption under
11 this subsection (3):

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

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

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

35 (ii) Before finalizing the environmental analysis pursuant to
36 (b)(i) of this subsection (3), the city or county shall provide a
37 minimum of 60 days' notice to affected tribes, relevant state
38 agencies, other jurisdictions that may be impacted, and the public.
39 If a city or county identifies that mitigation measures are necessary
40 to address specific probable adverse impacts, the city or county must

1 address those impacts by requiring mitigation identified in the
2 environmental analysis pursuant to this subsection (3)(b) through
3 locally adopted comprehensive plans, subarea plans, development
4 regulations, or other applicable local ordinances and regulations.
5 Mitigation measures shall be detailed in an associated environmental
6 determination.

7 (iii) The categorical exemption is effective 30 days following
8 action by a city or county pursuant to (b)(ii) of this subsection
9 (3).

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

18 (5) All project actions that propose to develop residential or
19 mixed-use development within a station area are categorically exempt
20 from the requirements of this chapter, subject to the rules of the
21 department adopted according to RCW 43.21C.110(1)(a) that provide
22 exceptions to the use of categorical exemptions adopted by the
23 department. For the purpose of this subsection, "mixed-use
24 development" and "station area" have the same meaning as provided in
25 RCW 36.70A.030.

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

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

38 (1) Governing documents created after the effective date of this
39 section and applicable to associations located fully or partially

1 within a station area as defined in RCW 36.70A.030 may not prohibit
2 the construction or development of multifamily housing or transit-
3 oriented development density that must be permitted by cities under
4 section 3 of this act or require off-street parking inconsistent or
5 in conflict with section 5 of this act.

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

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

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

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

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

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

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

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

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

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

3 The definitions in this section apply throughout this chapter
4 unless the context clearly requires otherwise.

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

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

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

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

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

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

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

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

37 (9) "Low-income household" means a single person, family, or
38 unrelated persons living together whose adjusted income is at or
39 below eighty percent of the median family income adjusted for family
40 size, for the county, city, or metropolitan statistical area, where

1 the project is located, as reported by the United States department
2 of housing and urban development.

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

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

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

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

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

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

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

36 (17) "Station area" has the same meaning as defined in RCW
37 36.70A.030.

38 (18) "Substantial compliance" means compliance with local
39 building or housing code requirements that are typically required for
40 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; (~~(C)~~)

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 and meets the affordability requirements in section
32 3(7)(a) of this act; and

33 (iii) Until December 31, 2026, for a city as defined in RCW
34 84.14.010(3)(d), for 12 successive years beginning January 1st of the
35 year immediately following the calendar year of issuance of the
36 certificate, if the property otherwise qualifies for the exemption
37 under this chapter and meets the conditions in this subsection
38 (1)(a)(iii). For the property to qualify for the 12-year exemption
39 under this subsection, the applicant must commit to renting or
40 selling at least 20 percent of the multifamily housing units as

1 affordable housing units to low and moderate-income households, the
2 property must satisfy that commitment and any additional
3 affordability and income eligibility conditions adopted by the local
4 government under this chapter, and the area must be zoned to have an
5 average minimum density equivalent to 15 dwelling units or more per
6 gross acre, or for cities with a population over 20,000, the area
7 must be zoned to have an average minimum density equivalent to 25
8 dwelling units or more per gross acre. In the case of projects
9 intended exclusively for owner occupancy, the minimum requirement of
10 this subsection (1)(a)(iii) may be satisfied solely through housing
11 affordable to low-income or moderate-income households.

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

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

27 (2) When a local government adopts guidelines pursuant to RCW
28 84.14.030(2) and includes conditions that must be satisfied with
29 respect to individual dwelling units, rather than with respect to the
30 multiple-unit housing as a whole or some minimum portion thereof, the
31 exemption may, at the local government's discretion, be limited to
32 the value of the qualifying improvements allocable to those dwelling
33 units that meet the local guidelines.

34 (3) In the case of rehabilitation of existing buildings, the
35 exemption does not include the value of improvements constructed
36 prior to the submission of the application required under this
37 chapter. The incentive provided by this chapter is in addition to any
38 other incentives, tax credits, grants, or other incentives provided
39 by law.

1 (4) This chapter does not apply to increases in assessed
2 valuation made by the assessor on nonqualifying portions of building
3 and value of land nor to increases made by lawful order of a county
4 board of equalization, the department of revenue, or a county, to a
5 class of property throughout the county or specific area of the
6 county to achieve the uniformity of assessment or appraisal required
7 by law.

8 (5) At the conclusion of the exemption period, the value of the
9 new housing construction, conversion, or rehabilitation improvements
10 must be considered as new construction for the purposes of chapters
11 84.55 and 36.21 RCW as though the property was not exempt under this
12 chapter.

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

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

32 (8)(a) Except as provided in (b) of this subsection, for any 12-
33 year exemption authorized under subsection (1)(a)(ii)(B) or (iii) of
34 this section after July 25, 2021, or for any 12-year exemption
35 extension authorized under subsection (6) of this section, at the
36 expiration of the exemption the applicant must provide tenant
37 relocation assistance in an amount equal to one month's rent to a
38 qualified tenant within the final month of the qualified tenant's
39 lease. To be eligible for tenant relocation assistance under this
40 subsection, the tenant must occupy an income-restricted unit at the

1 time the exemption expires and must qualify as a low-income household
2 under this chapter at the time relocation assistance is sought.

3 (b) If affordability requirements consistent, at a minimum, with
4 those required under subsection (1)(a)(ii)(B) or (iii) of this
5 section remain in place for the unit after the expiration of the
6 exemption, relocation assistance in an amount equal to one month's
7 rent must be provided to a qualified tenant within the final month of
8 a qualified tenant's lease who occupies an income-restricted unit at
9 the time those additional affordability requirements cease to apply
10 to the unit.

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

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

16 An owner of property making application under this chapter must
17 meet the following requirements:

18 (1) The new or rehabilitated multiple-unit housing must be
19 located in a residential targeted area as designated by the city or
20 county or be located fully or partially within a station area;

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

28 (3) The new, converted, or rehabilitated multiple-unit housing
29 must provide for a minimum of fifty percent of the space for
30 permanent residential occupancy. In the case of existing occupied
31 multifamily development, the multifamily housing must also provide
32 for a minimum of four additional multifamily units. Existing
33 multifamily vacant housing that has been vacant for twelve months or
34 more does not have to provide additional multifamily units;

35 (4) New construction multifamily housing and rehabilitation
36 improvements must be completed within three years from the date of
37 approval of the application, plus any extension authorized under RCW
38 84.14.090(5);

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

7 (6) The applicant must enter into a contract with the city or
8 county approved by the governing authority, or an administrative
9 official or commission authorized by the governing authority, under
10 which the applicant has agreed to the implementation of the
11 development on terms and conditions satisfactory to the governing
12 authority.

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

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

17 (a) A minimum of four new units are being constructed or in the
18 case of occupied rehabilitation or conversion a minimum of four
19 additional multifamily units are being developed;

20 (b) If applicable, the proposed multiunit housing project meets
21 the affordable housing requirements as described in RCW 84.14.020 or
22 section 3(7)(a) of this act;

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

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

29 (e) The site is located in a residential targeted area of an
30 urban center or urban growth area that has been designated by the
31 governing authority in accordance with procedures and guidelines
32 indicated in RCW 84.14.040, or is located fully or partially within a
33 station area.

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

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

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

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

7 (a) A statement of the amount of rehabilitation or construction
8 expenditures made with respect to each housing unit and the composite
9 expenditures made in the rehabilitation or construction of the entire
10 property;

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

15 (c) If applicable, a statement that the project meets the
16 affordable housing requirements as described in RCW 84.14.020 or
17 section 3(7)(a) of this act; and

18 (d) A statement that the work has been completed within three
19 years of the issuance of the conditional certificate of tax
20 exemption.

21 (2) Within thirty days after receipt of the statements required
22 under subsection (1) of this section, the authorized representative
23 of the city or county must determine whether the work completed, and
24 the affordability of the units, is consistent with the application
25 and the contract approved by the city or county and is qualified for
26 a limited tax exemption under this chapter. The city or county must
27 also determine which specific improvements completed meet the
28 requirements and required findings.

29 (3) If the rehabilitation, conversion, or construction is
30 completed within three years of the date the application for a
31 limited tax exemption is filed under this chapter, or within an
32 authorized extension of this time limit, and the authorized
33 representative of the city or county determines that improvements
34 were constructed consistent with the application and other applicable
35 requirements, including if applicable, affordable housing
36 requirements, and the owner's property is qualified for a limited tax
37 exemption under this chapter, the city or county must file the
38 certificate of tax exemption with the county assessor within ten days
39 of the expiration of the thirty-day period provided under subsection
40 (2) of this section.

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

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

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

9 (c) If applicable, the affordable housing requirements as
10 described in RCW 84.14.020 or section 3(7)(a) of this act were not
11 met; or

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

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

29 (6) The governing authority may provide by ordinance for an
30 appeal of a decision by the deciding officer or authority that an
31 owner is not entitled to a certificate of tax exemption to the
32 governing authority, a hearing examiner, or other city or county
33 officer authorized by the governing authority to hear the appeal in
34 accordance with such reasonable procedures and time periods as
35 provided by ordinance of the governing authority. The owner may
36 appeal a decision by the deciding officer or authority that is not
37 subject to local appeal or a decision by the local appeal authority
38 that the owner is not entitled to a certificate of tax exemption in
39 superior court under RCW 34.05.510 through 34.05.598, if the appeal

1 is filed within thirty days of notification by the city or county to
2 the owner of the decision being challenged.

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

5 (1) Thirty days after the anniversary of the date of the
6 certificate of tax exemption and each year for the tax exemption
7 period, the owner of the rehabilitated or newly constructed property,
8 or the qualified nonprofit or local government that will assure
9 permanent affordable homeownership for at least 25 percent of the
10 units for properties receiving an exemption under RCW 84.14.021, must
11 file with a designated authorized representative of the city or
12 county an annual report indicating the following:

13 (a) A statement of occupancy and vacancy of the rehabilitated or
14 newly constructed property during the twelve months ending with the
15 anniversary date;

16 (b) A certification by the owner that the property has not
17 changed use and, if applicable, that the property has been in
18 compliance with the affordable housing requirements as described in
19 RCW 84.14.020 or section 3(7)(a) of this act since the date of the
20 certificate approved by the city or county;

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

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

25 (2) All cities or counties, which issue certificates of tax
26 exemption for multiunit housing that conform to the requirements of
27 this chapter, must report annually by April 1st of each year,
28 beginning in 2007, to the department of commerce. A city or county
29 must be in compliance with the reporting requirements of this section
30 to offer certificates of tax exemption for multiunit housing
31 authorized in this chapter. The report must include the following
32 information:

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

34 (b) The total number and type of units produced or to be
35 produced;

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

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

1 (e) The total monthly rent or total sale amount of each unit
2 produced;

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

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

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

23 (b) If the review or audit required under (a) of this subsection
24 for a given property finds that the owner or operator is not offering
25 the number of units at rents as committed to in the approved
26 application or is not properly screening tenants for income-
27 restricted units, the department of commerce must notify the city or
28 county and the city or county must impose and collect a sliding scale
29 penalty not to exceed an amount calculated by subtracting the amount
30 of rents that would have been collected had the owner or operator
31 complied with their commitment from the amount of rents collected by
32 the owner or operator for the income-restricted units, with
33 consideration of the severity of the noncompliance. If a subsequent
34 review or audit required under (a) of this subsection for a given
35 property finds continued substantial noncompliance with the program
36 requirements, the exemption certificate must be canceled pursuant to
37 RCW 84.14.110.

38 (c) The department of commerce may impose and collect a fee, not
39 to exceed the costs of the audit or review, from the owner or

1 operator of any property subject to an audit or review required under
2 (a) of this subsection.

3 (4) The department of commerce must provide guidance to cities
4 and counties, which issue certificates of tax exemption for multiunit
5 housing that conform to the requirements of this chapter, on best
6 practices in managing and reporting for the exemption programs
7 authorized under this chapter, including guidance for cities and
8 counties to collect and report demographic information for tenants of
9 units receiving a tax exemption under this chapter.

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

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

13 (1) If improvements have been exempted under this chapter, the
14 improvements continue to be exempted for the applicable period under
15 RCW 84.14.020, so long as they are not converted to another use and
16 continue to satisfy all applicable conditions. If the owner intends
17 to convert the multifamily development to another use, or if
18 applicable, if the owner intends to discontinue compliance with the
19 affordable housing requirements as described in RCW 84.14.020 or
20 section 3(7)(a) of this act or any other condition to exemption, the
21 owner must notify the assessor within sixty days of the change in use
22 or intended discontinuance. If, after a certificate of tax exemption
23 has been filed with the county assessor, the authorized
24 representative of the governing authority discovers that a portion of
25 the property is changed or will be changed to a use that is other
26 than residential or that housing or amenities no longer meet the
27 requirements, including, if applicable, affordable housing
28 requirements, as previously approved or agreed upon by contract
29 between the city or county and the owner and that the multifamily
30 housing, or a portion of the housing, no longer qualifies for the
31 exemption, the tax exemption must be canceled and the following must
32 occur:

33 (a) Additional real property tax must be imposed upon the value
34 of the nonqualifying improvements in the amount that would normally
35 be imposed, plus a penalty must be imposed amounting to twenty
36 percent. This additional tax is calculated based upon the difference
37 between the property tax paid and the property tax that would have
38 been paid if it had included the value of the nonqualifying

1 improvements dated back to the date that the improvements were
2 converted to a nonmultifamily use;

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

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

21 (2) Upon a determination that a tax exemption is to be canceled
22 for a reason stated in this section, the governing authority or
23 authorized representative must notify the record owner of the
24 property as shown by the tax rolls by mail, return receipt requested,
25 of the determination to cancel the exemption. The owner may appeal
26 the determination to the governing authority or authorized
27 representative, within thirty days by filing a notice of appeal with
28 the clerk of the governing authority, which notice must specify the
29 factual and legal basis on which the determination of cancellation is
30 alleged to be erroneous. The governing authority or a hearing
31 examiner or other official authorized by the governing authority may
32 hear the appeal. At the hearing, all affected parties may be heard
33 and all competent evidence received. After the hearing, the deciding
34 body or officer must either affirm, modify, or repeal the decision of
35 cancellation of exemption based on the evidence received. An
36 aggrieved party may appeal the decision of the deciding body or
37 officer to the superior court under RCW 34.05.510 through 34.05.598.

38 (3) Upon determination by the governing authority or authorized
39 representative to terminate an exemption, the county officials having
40 possession of the assessment and tax rolls must correct the rolls in

1 the manner provided for omitted property under RCW 84.40.080. The
2 county assessor must make such a valuation of the property and
3 improvements as is necessary to permit the correction of the rolls.
4 The value of the new housing construction, conversion, and
5 rehabilitation improvements added to the rolls is considered as new
6 construction for the purposes of chapter 84.55 RCW. The owner may
7 appeal the valuation to the county board of equalization under
8 chapter 84.48 RCW and according to the provisions of RCW 84.40.038.
9 If there has been a failure to comply with this chapter, the property
10 must be listed as an omitted assessment for assessment years
11 beginning January 1 of the calendar year in which the noncompliance
12 first occurred, but the listing as an omitted assessment may not be
13 for a period more than three calendar years preceding the year in
14 which the failure to comply was discovered.

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

17 The governing authority of a city with a station area must adopt
18 and implement standards and guidelines to be used in considering
19 applications and making the determinations required under RCW
20 84.14.060. The standards and guidelines must establish basic
21 requirements for both new construction and rehabilitation, which must
22 include:

- 23 (1) Application process and procedures;
24 (2) Income and rent standards for affordable units that meet the
25 requirements of section 3(7)(a) of this act;
26 (3) Requirements that address demolition of existing structures
27 and site utilization; and
28 (4) Building requirements that comply with this act.

29 NEW SECTION. **Sec. 19.** If specific funding for the purposes of
30 this act, referencing this act by bill or chapter number, is not
31 provided by June 30, 2025, in the omnibus appropriations act, this
32 act is null and void.

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