
SECOND SUBSTITUTE HOUSE BILL 1491

State of Washington

69th Legislature

2025 Regular Session

By House Capital Budget (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 02/26/25.

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 a new
8 section; 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) The department must develop guidance to convert different
9 types of planning measurements to the transit-oriented development
10 density requirements and applicable floor area ratios.

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

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

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

30 (8) (a) Buildings constructed within a station area must maintain
31 10 percent of all residential units as affordable housing or 20
32 percent of all residential units as workforce housing for at least 50
33 years.

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

36 (i) The building is constructed on a lot in which a density that
37 meets or exceeds the transit-oriented development density in
38 subsection (2) of this section was authorized prior to January 1,
39 2025;

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

4 (iii) A city has enacted or expands a mandatory program under RCW
5 36.70A.540 that requires a minimum amount of affordable housing that
6 must be provided by residential development, either on-site or
7 through an in-lieu payment as allowed by RCW 36.70A.540, in an area
8 where development regulations must comply with this section. Such
9 mandatory program may be enacted, modified, or expanded by a city in
10 coordination with adopting regulations to comply with this act, and
11 may require an amount of affordable housing that differs or exceeds
12 the amount required. An optional program established under RCW
13 36.70A.540 does not meet the requirements of this subsection
14 (8)(b)(iii).

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

24 (9) A city must approve an exemption under RCW
25 84.14.020(1)(a)(ii)(D) for multifamily residential housing within a
26 station area that meets the affordability requirements in subsection
27 (8)(a) of this section and the requirements of chapter 84.14 RCW.

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

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

1 applicable in a station area that, alone or in combination with other
2 development regulations, are inconsistent with this section.

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

7 (c) This subsection (11) does not apply to development
8 regulations that are generally applicable health and safety
9 standards, including building code standards and fire and life safety
10 standards.

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

14 (13) Nothing in this section requires a city to issue a building
15 permit if other federal, state, and local requirements for a building
16 permit are not met.

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

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

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

34 (c) Has been designated as containing urban separators by
35 countywide planning policies as of the effective date of this
36 section;

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

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

3 (15) For cities subject to a growth target adopted under RCW
4 36.70A.210 that limits the maximum residential capacity of the
5 jurisdiction, any additional residential capacity required by this
6 section may not be considered an inconsistency with the countywide
7 planning policies, multicounty planning policies, or growth targets
8 adopted under RCW 36.70A.210.

9 (16)(a) Any city that is required to review its comprehensive
10 plan by the deadlines specified in RCW 36.70A.130(5)(a) must comply
11 with the requirements of this section by the earlier of December 31,
12 2029, or its first implementation progress report due after December
13 31, 2024 as specified in RCW 36.70A.130(9), and thereafter at each
14 comprehensive plan update or implementation progress report following
15 the completion or funding of any transit stop that would create a new
16 station area within the jurisdiction.

17 (b) Any city that is required to review its comprehensive plan by
18 the deadlines specified in RCW 36.70A.130(5)(b), (c), or (d) must
19 comply with the requirements of this section no later than six months
20 after its first comprehensive plan update due after December 31,
21 2024, and thereafter at each comprehensive plan update or
22 implementation progress report following the completion or funding of
23 any transit stop that would create a new station area within the
24 jurisdiction.

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

28 (17)(a) The department must publish a model transit-oriented
29 development ordinance by June 30, 2027.

30 (b) In any city subject to this section that has not passed
31 ordinances, regulations, or other official controls by the deadlines
32 required under subsection (16) of this section, the model ordinance
33 supersedes, preempts, and invalidates local development regulations
34 until the city takes all actions necessary to implement this section.

35 (18) A city may seek an extension from the transit-oriented
36 development density requirements of this section by applying to the
37 department for an extension in any areas that are at high risk of
38 displacement based on a city's antidisplacement analysis or an
39 antidisplacement map. The department must review the city's analysis
40 and certify a five-year extension from the requirements of this

1 section for areas at high risk of displacement. The city must create
2 an implementation plan that identifies the antidisplacement policies
3 available to residents to mitigate displacement risk. During the
4 extension, the city may delay implementation or enact alternative
5 floor area ratio requirements within any areas at high risk of
6 displacement. The department may recertify an extension for
7 additional five-year periods based on evidence of ongoing
8 displacement risk in the area.

9 (19) (a) (i) The department may approve actions under this
10 subsection (19) for cities that have, by June 30, 2026, adopted a
11 plan and implementing development regulations for a specific station
12 area that are substantially similar to the requirements of this
13 section for that station area. In determining whether a city's
14 adopted plan and development regulations are substantially similar,
15 the department's evaluation may include, but not be limited to, if:

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

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

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

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

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

30 (c) The department's final decision to approve or reject actions
31 by cities under this subsection (19) may be appealed to the growth
32 management hearings board by filing a petition as provided in RCW
33 36.70A.290.

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

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

38 (1) The infrastructure necessary to accommodate development at
39 transit-oriented development densities within station areas,

1 including water, sewer, stormwater, and transportation infrastructure
2 and parks and recreation facilities;

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

5 (3) The staffing necessary to implement transit-oriented
6 development requirements.

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

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

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

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

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

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

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

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

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

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

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

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

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

22 (i) Residential development;

23 (ii) Mixed-use development; or

24 (iii) Commercial development up to 65,000 square feet, excluding
25 retail development;

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

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

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

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

4 (3) All project actions that propose to develop one or more
5 residential housing units within the incorporated areas in an urban
6 growth area designated pursuant to RCW 36.70A.110 or middle housing
7 within the unincorporated areas in an urban growth area designated
8 pursuant to RCW 36.70A.110, and that meet the criteria identified in

9 (a) and (b) of this subsection, are categorically exempt from the
10 requirements of this chapter. For purposes of this section, "middle
11 housing" has the same meaning as in RCW 36.70A.030 as amended by
12 chapter 332, Laws of 2023. Jurisdictions shall satisfy the following
13 criteria prior to the adoption of the categorical exemption under
14 this subsection (3):

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

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

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

38 (ii) Before finalizing the environmental analysis pursuant to
39 (b)(i) of this subsection (3), the city or county shall provide a
40 minimum of 60 days' notice to affected tribes, relevant state

1 agencies, other jurisdictions that may be impacted, and the public.
2 If a city or county identifies that mitigation measures are necessary
3 to address specific probable adverse impacts, the city or county must
4 address those impacts by requiring mitigation identified in the
5 environmental analysis pursuant to this subsection (3)(b) through
6 locally adopted comprehensive plans, subarea plans, development
7 regulations, or other applicable local ordinances and regulations.
8 Mitigation measures shall be detailed in an associated environmental
9 determination.

10 (iii) The categorical exemption is effective 30 days following
11 action by a city or county pursuant to (b)(ii) of this subsection
12 (3).

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

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

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

1 NEW SECTION. **Sec. 7.** A new section is added to chapter 64.38
2 RCW to read as follows:

3 (1) Governing documents created after the effective date of this
4 section and applicable to associations located fully or partially
5 within a station area as defined in RCW 36.70A.030 may not prohibit
6 the construction or development of multifamily housing or transit-
7 oriented development density that must be permitted by cities under
8 section 3 of this act or require off-street parking inconsistent or
9 in conflict with section 5 of this act.

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

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

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

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

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

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

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

33 (1) A declaration created after the effective date of this
34 section and applicable to an association of apartment owners located
35 fully or partially within a station area as defined in RCW 36.70A.030
36 may not prohibit the construction or development of multifamily
37 housing or transit-oriented development density that must be

1 permitted by cities under section 3 of this act or require off-street
2 parking inconsistent or in conflict with section 5 of this act.

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

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

6 The definitions in this section apply throughout this chapter
7 unless the context clearly requires otherwise.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 (17) "Station area" has the same meaning as defined in RCW
2 36.70A.030.

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

6 (~~(18)~~) (19) "Urban center" means a compact identifiable
7 district where urban residents may obtain a variety of products and
8 services. An urban center must contain:

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

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

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

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

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

22 (i) For properties for which applications for certificates of tax
23 exemption eligibility are submitted under this chapter before July
24 22, 2007, the value is exempt for ten successive years beginning
25 January 1 of the year immediately following the calendar year of
26 issuance of the certificate;

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

30 (A) For eight successive years beginning January 1st of the year
31 immediately following the calendar year of issuance of the
32 certificate;

33 (B) For twelve successive years beginning January 1st of the year
34 immediately following the calendar year of issuance of the
35 certificate, if the property otherwise qualifies for the exemption
36 under this chapter and meets the conditions in this subsection
37 (1)(a)(ii)(B). For the property to qualify for the twelve-year
38 exemption under this subsection, the applicant must commit to renting
39 or selling at least twenty percent of the multifamily housing units

1 as affordable housing units to low and moderate-income households,
2 and the property must satisfy that commitment and any additional
3 affordability and income eligibility conditions adopted by the local
4 government under this chapter. In the case of projects intended
5 exclusively for owner occupancy, the minimum requirement of this
6 subsection (1)(a)(ii)(B) may be satisfied solely through housing
7 affordable to moderate-income households; (~~or~~)

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

33 (D) For 20 successive years beginning January 1st of the year
34 immediately following the calendar year of issuance of the
35 certificate, if the property is located fully or partially with a
36 station area and meets the affordability requirements in section
37 3(8)(a) of this act; and

38 (iii) Until December 31, 2026, for a city as defined in RCW
39 84.14.010(3)(d), for 12 successive years beginning January 1st of the
40 year immediately following the calendar year of issuance of the

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

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

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

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

39 (3) In the case of rehabilitation of existing buildings, the
40 exemption does not include the value of improvements constructed

1 prior to the submission of the application required under this
2 chapter. The incentive provided by this chapter is in addition to any
3 other incentives, tax credits, grants, or other incentives provided
4 by law.

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

12 (5) At the conclusion of the exemption period, the value of the
13 new housing construction, conversion, or rehabilitation improvements
14 must be considered as new construction for the purposes of chapters
15 84.55 and 36.21 RCW as though the property was not exempt under this
16 chapter.

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

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

36 (8)(a) Except as provided in (b) of this subsection, for any 12-
37 year exemption authorized under subsection (1)(a)(ii)(B) or (iii) of
38 this section after July 25, 2021, or for any 12-year exemption
39 extension authorized under subsection (6) of this section, at the
40 expiration of the exemption the applicant must provide tenant

1 relocation assistance in an amount equal to one month's rent to a
2 qualified tenant within the final month of the qualified tenant's
3 lease. To be eligible for tenant relocation assistance under this
4 subsection, the tenant must occupy an income-restricted unit at the
5 time the exemption expires and must qualify as a low-income household
6 under this chapter at the time relocation assistance is sought.

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

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

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

20 An owner of property making application under this chapter must
21 meet the following requirements:

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

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

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

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

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

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

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

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

21 (a) A minimum of four new units are being constructed or in the
22 case of occupied rehabilitation or conversion a minimum of four
23 additional multifamily units are being developed;

24 (b) If applicable, the proposed multiunit housing project meets
25 the affordable housing requirements as described in RCW 84.14.020 or
26 section 3(8)(a) of this act;

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

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

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

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

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

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

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

12 (a) A statement of the amount of rehabilitation or construction
13 expenditures made with respect to each housing unit and the composite
14 expenditures made in the rehabilitation or construction of the entire
15 property;

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

20 (c) If applicable, a statement that the project meets the
21 affordable housing requirements as described in RCW 84.14.020 or
22 section 3(8)(a) of this act; and

23 (d) A statement that the work has been completed within three
24 years of the issuance of the conditional certificate of tax
25 exemption.

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

34 (3) If the rehabilitation, conversion, or construction is
35 completed within three years of the date the application for a
36 limited tax exemption is filed under this chapter, or within an
37 authorized extension of this time limit, and the authorized
38 representative of the city or county determines that improvements
39 were constructed consistent with the application and other applicable

1 requirements, including if applicable, affordable housing
2 requirements, and the owner's property is qualified for a limited tax
3 exemption under this chapter, the city or county must file the
4 certificate of tax exemption with the county assessor within ten days
5 of the expiration of the thirty-day period provided under subsection
6 (2) of this section.

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

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

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

15 (c) If applicable, the affordable housing requirements as
16 described in RCW 84.14.020 or section 3(8)(a) of this act were not
17 met; or

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

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

35 (6) The governing authority may provide by ordinance for an
36 appeal of a decision by the deciding officer or authority that an
37 owner is not entitled to a certificate of tax exemption to the
38 governing authority, a hearing examiner, or other city or county
39 officer authorized by the governing authority to hear the appeal in
40 accordance with such reasonable procedures and time periods as

1 provided by ordinance of the governing authority. The owner may
2 appeal a decision by the deciding officer or authority that is not
3 subject to local appeal or a decision by the local appeal authority
4 that the owner is not entitled to a certificate of tax exemption in
5 superior court under RCW 34.05.510 through 34.05.598, if the appeal
6 is filed within thirty days of notification by the city or county to
7 the owner of the decision being challenged.

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

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

18 (a) A statement of occupancy and vacancy of the rehabilitated or
19 newly constructed property during the twelve months ending with the
20 anniversary date;

21 (b) A certification by the owner that the property has not
22 changed use and, if applicable, that the property has been in
23 compliance with the affordable housing requirements as described in
24 RCW 84.14.020 or section 3(8)(a) of this act since the date of the
25 certificate approved by the city or county;

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

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

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

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

1 (b) The total number and type of units produced or to be
2 produced;

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

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

6 (e) The total monthly rent or total sale amount of each unit
7 produced;

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

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

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

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

1 requirements, the exemption certificate must be canceled pursuant to
2 RCW 84.14.110.

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

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

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

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

17 (1) If improvements have been exempted under this chapter, the
18 improvements continue to be exempted for the applicable period under
19 RCW 84.14.020, so long as they are not converted to another use and
20 continue to satisfy all applicable conditions. If the owner intends
21 to convert the multifamily development to another use, or if
22 applicable, if the owner intends to discontinue compliance with the
23 affordable housing requirements as described in RCW 84.14.020 or
24 section 3(8)(a) of this act or any other condition to exemption, the
25 owner must notify the assessor within sixty days of the change in use
26 or intended discontinuance. If, after a certificate of tax exemption
27 has been filed with the county assessor, the authorized
28 representative of the governing authority discovers that a portion of
29 the property is changed or will be changed to a use that is other
30 than residential or that housing or amenities no longer meet the
31 requirements, including, if applicable, affordable housing
32 requirements, as previously approved or agreed upon by contract
33 between the city or county and the owner and that the multifamily
34 housing, or a portion of the housing, no longer qualifies for the
35 exemption, the tax exemption must be canceled and the following must
36 occur:

37 (a) Additional real property tax must be imposed upon the value
38 of the nonqualifying improvements in the amount that would normally
39 be imposed, plus a penalty must be imposed amounting to twenty

1 percent. This additional tax is calculated based upon the difference
2 between the property tax paid and the property tax that would have
3 been paid if it had included the value of the nonqualifying
4 improvements dated back to the date that the improvements were
5 converted to a nonmultifamily use;

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

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

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

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

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

20 The governing authority of a city with a station area must adopt
21 and implement standards and guidelines to be used in considering
22 applications and making the determinations required under RCW
23 84.14.060. The standards and guidelines must establish basic
24 requirements for both new construction and rehabilitation, which must
25 include:

- 26 (1) Application process and procedures;
27 (2) Income and rent standards for affordable units that meet the
28 requirements of section 3(8)(a) of this act;
29 (3) Requirements that address demolition of existing structures
30 and site utilization; and
31 (4) Building requirements that comply with this act.

--- END ---