
SUBSTITUTE HOUSE BILL 1491

State of Washington

69th Legislature

2025 Regular Session

By House Housing (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 02/17/25.

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.

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

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

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

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

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

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

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

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

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

(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

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

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

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

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

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

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

(e) Protects streams or water supply; or
(f) Preserves visual quality along highway, road, or street corridors.

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

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

(25) "Major transit stop" means:

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

(b) Commuter rail stops;

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

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

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

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

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

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

(30) "Per capita vehicle miles traveled" means the number of 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 that are:

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

30 (b) 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, or a stop on a rail trolley operated west of the
33 crest of the Cascade mountains.

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

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

36 (b) Fully or partially within one-quarter mile walking distance
37 of a stop on a fixed route bus system that is designated as a bus
38 rapid transit stop in the transit development plan as required in RCW
39 35.58.2795, for which an environmental determination has been issued
40 as required under chapter 43.21C RCW, and that features fixed transit

assets that indicate permanent, high capacity service including, but not limited to, elevated platforms or enhanced stations, off-board fare collection, dedicated lanes, busways, or transit signal priority.

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

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

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

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

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

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

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

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

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

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

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

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

4 (4) The department must develop guidance to convert different
5 types of planning measurements to the transit-oriented development
6 density requirements and applicable floor area ratios.

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

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

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

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

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

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

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

39 (iii) A city has enacted or expands a mandatory program under RCW
40 36.70A.540 that requires a minimum amount of affordable housing that

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

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

19 (9) A city must approve an exemption under RCW
20 84.14.020(1)(a)(ii)(D) for multifamily residential housing within a
21 station area that meets the affordability requirements in subsection
22 (8)(a) of this section and the requirements of chapter 84.14 RCW.

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

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

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

1 (c) This subsection (11) does not apply to development
2 regulations that are generally applicable health and safety
3 standards, including building code standards and fire and life safety
4 standards.

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

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

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

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

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

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

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

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

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

1 planning policies, multicounty planning policies, or growth targets
2 adopted under RCW 36.70A.210.

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

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

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

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

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

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

1 additional five-year periods based on evidence of ongoing
2 displacement risk in the area.

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

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

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

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

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

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

24 (c) The department's final decision to approve or reject actions
25 by cities under this subsection (19) may be appealed to the growth
26 management hearings board by filing a petition as provided in RCW
27 36.70A.290.

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

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

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

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

38 (3) The staffing necessary to implement transit-oriented
39 development requirements.

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

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

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

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

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

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

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

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

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

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

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

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

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

16 (i) Residential development;

17 (ii) Mixed-use development; or

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

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

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

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

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

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

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

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

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

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

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

Mitigation measures shall be detailed in an associated environmental determination.

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

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

(5) All project actions that propose to develop residential or mixed-use development within a station area are categorically exempt from the requirements of this chapter.

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

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

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

(2) This section expires January 1, 2028.

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

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

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

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

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

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

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

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

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

31 The definitions in this section apply throughout this chapter
32 unless the context clearly requires otherwise.

33 (1) "Affordable housing" means residential housing that is rented
34 by a person or household whose monthly housing costs, including
35 utilities other than telephone, do not exceed thirty percent of the
36 household's monthly income. For the purposes of housing intended for

owner occupancy, "affordable housing" means residential housing that is within the means of low or moderate-income households.

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

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

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

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

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

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

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

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

(10) "Moderate-income household" means a single person, family, or unrelated persons living together whose adjusted income is more than eighty percent but is at or below one hundred fifteen percent of the median family income adjusted for family size, for the county, city, or metropolitan statistical area, where the project is located,

1 as reported by the United States department of housing and urban
2 development.

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

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

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

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

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

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

29 (17) "Station area" has the same meaning as defined in RCW
30 36.70A.030.

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

34 ~~((18))~~ (19) "Urban center" means a compact identifiable
35 district where urban residents may obtain a variety of products and
36 services. An urban center must contain:

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

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

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

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

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

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

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

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

(B) For twelve successive years beginning January 1st of the year immediately following the calendar year of issuance of the certificate, if the property otherwise qualifies for the exemption under this chapter and meets the conditions in this subsection (1)(a)(ii)(B). For the property to qualify for the twelve-year exemption under this subsection, the applicant must commit to renting or selling at least twenty percent of the multifamily housing units as affordable housing units to low and moderate-income households, and the property must satisfy that commitment and any additional affordability and income eligibility conditions adopted by the local government under this chapter. In the case of projects intended exclusively for owner occupancy, the minimum requirement of this subsection (1)(a)(ii)(B) may be satisfied solely through housing affordable to moderate-income households; ((or))

(C) For 20 successive years beginning January 1st of the year immediately following the calendar year of issuance of the certificate, if the property otherwise qualifies for the exemption under this chapter and meets the conditions in this subsection

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

22 (D) For 20 successive years beginning January 1st of the year
23 immediately following the calendar year of issuance of the
24 certificate, if the property is located fully or partially with a
25 station area and meets the affordability requirements in section
26 3(8)(a) of this act; and

27 (iii) Until December 31, 2026, for a city as defined in RCW
28 84.14.010(3)(d), for 12 successive years beginning January 1st of the
29 year 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)(iii). For the property to qualify for the 12-year exemption
33 under this subsection, the applicant must commit to renting or
34 selling at least 20 percent of the multifamily housing units as
35 affordable housing units to low and moderate-income households, the
36 property must satisfy that commitment and any additional
37 affordability and income eligibility conditions adopted by the local
38 government under this chapter, and the area must be zoned to have an
39 average minimum density equivalent to 15 dwelling units or more per
40 gross acre, or for cities with a population over 20,000, the area

1 must be zoned to have an average minimum density equivalent to 25
2 dwelling units or more per gross acre. In the case of projects
3 intended exclusively for owner occupancy, the minimum requirement of
4 this subsection (1)(a)(iii) may be satisfied solely through housing
5 affordable to low-income or moderate-income households.

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

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

21 (2) When a local government adopts guidelines pursuant to RCW
22 84.14.030(2) and includes conditions that must be satisfied with
23 respect to individual dwelling units, rather than with respect to the
24 multiple-unit housing as a whole or some minimum portion thereof, the
25 exemption may, at the local government's discretion, be limited to
26 the value of the qualifying improvements allocable to those dwelling
27 units that meet the local guidelines.

28 (3) In the case of rehabilitation of existing buildings, the
29 exemption does not include the value of improvements constructed
30 prior to the submission of the application required under this
31 chapter. The incentive provided by this chapter is in addition to any
32 other incentives, tax credits, grants, or other incentives provided
33 by law.

34 (4) This chapter does not apply to increases in assessed
35 valuation made by the assessor on nonqualifying portions of building
36 and value of land nor to increases made by lawful order of a county
37 board of equalization, the department of revenue, or a county, to a
38 class of property throughout the county or specific area of the
39 county to achieve the uniformity of assessment or appraisal required
40 by law.

1 (5) At the conclusion of the exemption period, the value of the
2 new housing construction, conversion, or rehabilitation improvements
3 must be considered as new construction for the purposes of chapters
4 84.55 and 36.21 RCW as though the property was not exempt under this
5 chapter.

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

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

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

36 (b) If affordability requirements consistent, at a minimum, with
37 those required under subsection (1)(a)(ii)(B) or (iii) of this
38 section remain in place for the unit after the expiration of the
39 exemption, relocation assistance in an amount equal to one month's
40 rent must be provided to a qualified tenant within the final month of

1 a qualified tenant's lease who occupies an income-restricted unit at
2 the time those additional affordability requirements cease to apply
3 to the unit.

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

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

9 An owner of property making application under this chapter must
10 meet the following requirements:

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

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

21 (3) The new, converted, or rehabilitated multiple-unit housing
22 must provide for a minimum of fifty percent of the space for
23 permanent residential occupancy. In the case of existing occupied
24 multifamily development, the multifamily housing must also provide
25 for a minimum of four additional multifamily units. Existing
26 multifamily vacant housing that has been vacant for twelve months or
27 more does not have to provide additional multifamily units;

28 (4) New construction multifamily housing and rehabilitation
29 improvements must be completed within three years from the date of
30 approval of the application, plus any extension authorized under RCW
31 84.14.090(5);

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

38 (6) The applicant must enter into a contract with the city or
39 county approved by the governing authority, or an administrative

1 official or commission authorized by the governing authority, under
2 which the applicant has agreed to the implementation of the
3 development on terms and conditions satisfactory to the governing
4 authority.

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

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

9 (a) A minimum of four new units are being constructed or in the
10 case of occupied rehabilitation or conversion a minimum of four
11 additional multifamily units are being developed;

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

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

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

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

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

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

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

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

37 (a) A statement of the amount of rehabilitation or construction
38 expenditures made with respect to each housing unit and the composite

1 expenditures made in the rehabilitation or construction of the entire
2 property;

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

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

10 (d) A statement that the work has been completed within three
11 years of the issuance of the conditional certificate of tax
12 exemption.

13 (2) Within thirty days after receipt of the statements required
14 under subsection (1) of this section, the authorized representative
15 of the city or county must determine whether the work completed, and
16 the affordability of the units, is consistent with the application
17 and the contract approved by the city or county and is qualified for
18 a limited tax exemption under this chapter. The city or county must
19 also determine which specific improvements completed meet the
20 requirements and required findings.

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

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

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

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

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

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

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

21 (6) The governing authority may provide by ordinance for an
22 appeal of a decision by the deciding officer or authority that an
23 owner is not entitled to a certificate of tax exemption to the
24 governing authority, a hearing examiner, or other city or county
25 officer authorized by the governing authority to hear the appeal in
26 accordance with such reasonable procedures and time periods as
27 provided by ordinance of the governing authority. The owner may
28 appeal a decision by the deciding officer or authority that is not
29 subject to local appeal or a decision by the local appeal authority
30 that the owner is not entitled to a certificate of tax exemption in
31 superior court under RCW 34.05.510 through 34.05.598, if the appeal
32 is filed within thirty days of notification by the city or county to
33 the owner of the decision being challenged.

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

36 (1) Thirty days after the anniversary of the date of the
37 certificate of tax exemption and each year for the tax exemption
38 period, the owner of the rehabilitated or newly constructed property,
39 or the qualified nonprofit or local government that will assure

1 permanent affordable homeownership for at least 25 percent of the
2 units for properties receiving an exemption under RCW 84.14.021, must
3 file with a designated authorized representative of the city or
4 county an annual report indicating the following:

5 (a) A statement of occupancy and vacancy of the rehabilitated or
6 newly constructed property during the twelve months ending with the
7 anniversary date;

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

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

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

17 (2) All cities or counties, which issue certificates of tax
18 exemption for multiunit housing that conform to the requirements of
19 this chapter, must report annually by April 1st of each year,
20 beginning in 2007, to the department of commerce. A city or county
21 must be in compliance with the reporting requirements of this section
22 to offer certificates of tax exemption for multiunit housing
23 authorized in this chapter. The report must include the following
24 information:

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

26 (b) The total number and type of units produced or to be
27 produced;

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

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

31 (e) The total monthly rent or total sale amount of each unit
32 produced;

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

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

38 (3)(a) The department of commerce must adopt and implement a
39 program to effectively audit or review that the owner or operator of
40 each property for which a certificate of tax exemption has been

1 issued, except for those properties receiving an exemption that are
2 owned or operated by a nonprofit or for those properties receiving an
3 exemption from a city or county that operates an independent audit or
4 review program, is offering the number of units at rents as committed
5 to in the approved application for an exemption and that the tenants
6 are being properly screened to be qualified for an income-restricted
7 unit. The audit or review program must be adopted in consultation
8 with local governments and other stakeholders and may be based on
9 auditing a percentage of income-restricted units or properties
10 annually. A private owner or operator of a property for which a
11 certificate of tax exemption has been issued under this chapter, must
12 be audited at least once every five years.

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

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

32 (4) The department of commerce must provide guidance to cities
33 and counties, which issue certificates of tax exemption for multiunit
34 housing that conform to the requirements of this chapter, on best
35 practices in managing and reporting for the exemption programs
36 authorized under this chapter, including guidance for cities and
37 counties to collect and report demographic information for tenants of
38 units receiving a tax exemption under this chapter.

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

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

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

23 (a) Additional real property tax must be imposed upon the value
24 of the nonqualifying improvements in the amount that would normally
25 be imposed, plus a penalty must be imposed amounting to twenty
26 percent. This additional tax is calculated based upon the difference
27 between the property tax paid and the property tax that would have
28 been paid if it had included the value of the nonqualifying
29 improvements dated back to the date that the improvements were
30 converted to a nonmultifamily use;

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

36 (c) The additional tax owed together with interest and penalty
37 must become a lien on the land and attach at the time the property or
38 portion of the property is removed from multifamily use or the
39 amenities no longer meet applicable requirements, and has priority to
40 and must be fully paid and satisfied before a recognizance, mortgage,

1 judgment, debt, obligation, or responsibility to or with which the
2 land may become charged or liable. The lien may be foreclosed upon
3 expiration of the same period after delinquency and in the same
4 manner provided by law for foreclosure of liens for delinquent real
5 property taxes. An additional tax unpaid on its due date is
6 delinquent. From the date of delinquency until paid, interest must be
7 charged at the same rate applied by law to delinquent ad valorem
8 property taxes.

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

26 (3) Upon determination by the governing authority or authorized
27 representative to terminate an exemption, the county officials having
28 possession of the assessment and tax rolls must correct the rolls in
29 the manner provided for omitted property under RCW 84.40.080. The
30 county assessor must make such a valuation of the property and
31 improvements as is necessary to permit the correction of the rolls.
32 The value of the new housing construction, conversion, and
33 rehabilitation improvements added to the rolls is considered as new
34 construction for the purposes of chapter 84.55 RCW. The owner may
35 appeal the valuation to the county board of equalization under
36 chapter 84.48 RCW and according to the provisions of RCW 84.40.038.
37 If there has been a failure to comply with this chapter, the property
38 must be listed as an omitted assessment for assessment years
39 beginning January 1 of the calendar year in which the noncompliance
40 first occurred, but the listing as an omitted assessment may not be

1 for a period more than three calendar years preceding the year in
2 which the failure to comply was discovered.

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

5 The governing authority of a city with a station area must adopt
6 and implement standards and guidelines to be used in considering
7 applications and making the determinations required under RCW
8 84.14.060. The standards and guidelines must establish basic
9 requirements for both new construction and rehabilitation, which must
10 include:

- 11 (1) Application process and procedures;
- 12 (2) Income and rent standards for affordable units that meet the
13 requirements of section 3(8)(a) of this act;
- 14 (3) Requirements that address demolition of existing structures
15 and site utilization; and
- 16 (4) Building requirements that comply with this act.

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