

Referendum Measure No. RM-108

Filed June 5, 2025

CERTIFICATION OF ENROLLMENT
THIRD SUBSTITUTE HOUSE BILL 1491

Chapter 267, Laws of 2025

69th Legislature
2025 Regular Session

TRANSIT-ORIENTED HOUSING DEVELOPMENT

EFFECTIVE DATE: July 27, 2025

Passed by the House April 22, 2025
Yeas 57 Nays 39

LAURIE JINKINS
Speaker of the House of
Representatives

Passed by the Senate April 15, 2025
Yeas 30 Nays 18

DENNY HECK
President of the Senate
Approved May 13, 2025 10:30 AM

BOB FERGUSON
Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **THIRD SUBSTITUTE HOUSE BILL 1491** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BERNARD DEAN
Chief Clerk

FILED
May 14, 2025

Secretary of State
State of Washington

THIRD SUBSTITUTE HOUSE BILL 1491

AS AMENDED BY THE SENATE

Passed Legislature - 2025 Regular Session

State of Washington

69th Legislature

2025 Regular Session

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

READ FIRST TIME 02/28/25.

1 AN ACT Relating to promoting community and transit-oriented
2 housing development; amending RCW 36. 70A.030, 43.21C.229, 84.14.010,
3 84.14.020, 84.14.030, 84.14.060, 84.14.090, 84.14.100, 84.14.110,
4 82.02.060, and 82.02.090; adding new sections to chapter 36.70A RCW;
5 adding a new section to chapter 47. 12 RCW; adding a new section to
6 chapter 64.38 RCW; adding a new section to chapter 64.90 RCW; adding
7 a new section to chapter 64.34 RCW; adding a new section to chapter
8 64. 32 RCW; adding a new section to chapter 84.14 RCW; creating new
9 sections; and providing expiration dates.

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

11 NEW SECTION. Sec. 1. The legislature finds that the state has
12 made groundbreaking investments in state-of-the-art mass transit and
13 intermodal infrastructure. The legislature finds that to maximize the
14 state's return on these investments, land use policies and practices
15 must allow housing development to keep pace with progress being
16 implemented in transportation infrastructure development. The
17 legislature also intends new development to reflect the state's
18 commitment to affordable housing and vibrant, walkable, accessible
19 urban environments that improve health, expand multimodal
20 transportation options, and include varied community facilities,
21 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)) .10 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))~~ 10 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)) §.Q 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, except for any
18 stop that solely serves exoress bus service or serves express bus
19 service and other bus services not otherwise meeting the definition
20 of major transit stop;

21 (b) Commuter rail stops;

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

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

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

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

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

38 (29) "Overburdened community" means a geographic area where
39 vulnerable populations face combined, multiple environmental harms

1 and health impacts, and includes, but is not limited to, highly
2 impacted communities as defined in RCW 19.405.020.

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

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

23 (32) "Public facilities" include streets, roads, highways,
24 sidewalks, street and road lighting systems, traffic signals,
25 domestic water systems, storm and sanitary sewer systems, parks and
26 recreational facilities, and schools.

27 (33) "Public services" include fire protection and suppression,
28 law enforcement, public health, education, recreation, environmental
29 protection, and other governmental services.

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

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

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

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

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

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

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

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

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

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

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

29 (38) "Short line railroad" means those railroad lines designated
30 class II or class III by the United States surface transportation
31 board.

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

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

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

1 (42) "Transportation system" means all infrastructure and
2 services for all forms of transportation within a geographical area,
3 irrespective of the responsible jurisdiction or transportation
4 provider.

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

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

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

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

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

1 environmental harms; and (ii) sensitivity factors, such as low birth
2 weight and higher rates of hospitalization.

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

4 (i) Racial or ethnic minorities;

5 (ii) Low-income populations; and

6 (iii) Populations disproportionately impacted by environmental
7 harms.

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

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

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

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

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

1 (b) Fully or partially within one-quarter mile walking distance
2 of an entrance to a rains ation with a commuter rail stop in a citv
3 with a population no greacer han 15,000.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

9 (3) For the purposes of this section:

10 (a) "Mixed-use development" means a building subject to a
11 regulation specifying allowable residential proportions within mixed-
12 use areas.

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

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

24 (5) Any floor area within a building located in a station area
25 that is reserved for residential units in multifamily housing that
26 includes at least three bedrooms must not be counted toward
27 applicable floor area ratio limits. A city may require the
28 residential units to comply with affordability requirements to be
29 eligible for an exclusion from the applicable floor area ratio
30 limits.

31 (6) Cities planning under RCW 36.70A.040 may by ordinance
32 designate parts of a station area in which to enact or enforce floor
33 area ratios for residential or mixed-use development that are more or
34 less than the applicable transit-oriented development density, if the
35 average maximum floor area ratio of all residential and mixed-use
36 areas within a station area is no less than the applicable transit-
37 oriented development density.

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

1 (i) At least 10 percent of all residential units as affordable
2 housing;

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

6 (iii) At least 20 percent of all residential units as workforce
7 housing.

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

10 (i) The building is constructed on a lot in which a density that
11 meets or exceeds the transit-oriented development density in
12 subsection (2) of this section was authorized prior to January 1,
13 2025;

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

17 (iii) A city has enacted or expands a mandatory program under RCW
18 36.70A.540 that requires a minimum amount of affordable housing that
19 must be provided by residential development, either on-site or
20 through an in-lieu payment as allowed by RCW 36.70A.540, in an area
21 where development regulations must comply with this section. Such
22 mandatory program may be enacted, modified, or expanded by a city,
23 and may require an amount of affordable housing and levels of
24 affordability that differs or exceeds the requirements. An optional
25 program established under RCW 36.70A.540 does not meet the
26 requirements of this subsection (7) (b) (iii) .

27 (c) For each building that is exempt from the requirements for
28 affordable or workforce housing under (b)(i) or (ii) of this
29 subsection, the city must identify the density and affordability
30 requirements that apply to the building or parcel in its
31 comprehensive planning documents. For each building that is exempt
32 from the requirements for affordable or workforce housing under
33 (b)(iii) of this subsection, the city must identify the density and
34 affordability requirements that apply to the building or parcel in
35 its municipal code.

36 (8) A city must approve an exemption under RCW
37 84.14.020(1) (a) (ii) (D) for multifamily residential housing within a
38 station area that meets the affordability requirements in subsection
39 (7)(a) of this section and the requirements of chapter 84.14 RCW,

1 unless the city authorizes the 20-year exemption under RCW
2 84.14.020(1) (a) (ii) (C).

3 (9) A city that has enacted an incentive program prior to January
4 1, 2025, that requires public benefits, such as school capacity,
5 greater amounts of affordable housing, green space, or green
6 infrastructure, in return for additional development allowances, may
7 continue to require such public benefits if the plan and implementing
8 development regulations requiring those public benefits provides
9 development capacity that is substantially similar to that required
10 in this section.

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

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

22 (c) This subsection (10) does not apply to development
23 regulations that are generally applicable health and safety
24 standards, including building code standards and fire and life safety
25 standards.

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

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

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

39 (a) Is nonconforming with development regulations governing lot
40 dimensions including, but not limited to, standards related to lot

1 width, area, geometry, or street access, unless an applicant
2 demonstrates that the nonconforming lot may be developed in
3 compliance with the development regulations governing lot dimensions
4 by obtaining any modification, deviation, variance, or similar code
5 departure approval allowed under the development regulations;

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

9 (c) Has been designated as containing urban separators by
10 countywide planning policies as of the effective date of this
11 section;

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

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

18 (14) For cities subject to a growth target adopted under RCW
19 36.70A.210 that limits the maximum residential capacity of the
20 jurisdiction, any additional residential capacity required by this
21 section may not be considered an inconsistency with the countywide
22 planning policies, multicounty planning policies, or growth targets
23 adopted under RCW 36.70A.210.

24 (15)(a) Any city that is required to review its comprehensive
25 plan by the deadlines specified in RCW 36.70A.130(5)(a) must comply
26 with the requirements of this section by the earlier of December 31,
27 2029, or its first implementation progress report due after December
28 31, 2024 as specified in RCW 36.70A.130(9), and thereafter at each
29 comprehensive plan update or implementation progress report following
30 the completion or funding of any major transit stop that would create
31 a new station area within the jurisdiction.

32 (b) Any city that is required to review its comprehensive plan by
33 the deadlines specified in RCW 36.70A.130(5)(b), (c), or (d) must
34 comply with the requirements of this section no later than six months
35 after its first comprehensive plan update due after December 31,
36 2024, and thereafter at each comprehensive plan update or
37 implementation progress report following the completion or funding of
38 any major transit stop that would create a new station area within
39 the jurisdiction.

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

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

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

11 (17) A city may seek an extension from the transit-oriented
12 development density requirements of this section by applying to the
13 department for an extension in any areas that are at high risk of
14 displacement based on a city's antidisplacement analysis or an
15 antidisplacement map. The department must review the city's analysis
16 and certify a five-year extension from the requirements of this
17 section for areas at high risk of displacement. The city must create
18 an implementation plan that identifies the antidisplacement policies
19 available to residents to mitigate displacement risk. During the
20 extension, the city may delay implementation or enact alternative
21 floor area ratio requirements within any areas at high risk of
22 displacement. The department may recertify an extension for
23 additional five-year periods based on evidence of ongoing
24 displacement risk in the area.

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

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

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

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

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

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

6 (c) The department's final decision to approve or reject actions
7 by cities under this subsection (18) may be appealed to the growth
8 management hearings board by filing a petition as provided in RCW
9 36.70A.290.

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

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

14 (1) The infrastructure necessary to accommodate development at
15 transit-oriented development densities within station areas,
16 including water, sewer, stormwater, and transportation infrastructure
17 and parks and recreation facilities;

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

20 (3) The staffing necessary to implement transit-oriented
21 development requirements.

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

24 (1) To encourage transit-oriented development and transit use and
25 resulting substantial environmental benefits, cities planning under
26 RCW 36.70A.040 may not require off-street automobile parking as a
27 condition of permitting residential or mixed-use development within a
28 station area as defined in RCW 36.70A.030, except for off-street
29 automobile parking that is permanently marked for the exclusive use
30 of individuals with disabilities or parking that is permanently
31 marked for the short-term exclusive use of delivery vehicles.

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

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

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

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

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

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

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

23 NEW SECTION. **Sec. 6.** A new section is added to chapter 47.12
24 RCW to read as follows:

25 (1) The department must review surplus property under this
26 chapter in a county with a population over 2,000,000 that operates a
27 municipal transit system and, in consultation with the county, select
28 up to three park and ride facilities to conduct a pilot program to
29 encourage transit-oriented development that meets the density and
30 affordability requirements under section 3 of this act.

31 (2) A park and ride selected for the pilot program must be:

32 (a) Situated along state route number 99 with 400 to 500 parking
33 stalls;

34 (b) Situated on Interstate 405 with 500 to 900 parking stalls; or

35 (c) Located in the southern portion of a county with a population
36 over 2,000,000 with between 300 to 1,000 parking stalls.

37 (3) For the purpose of the pilot program under this section, the
38 department:

- 1 (a) May release any covenant imposed for highway purposes and
2 replace it with a covenant requiring affordable housing;
3 (b) May not seek a reversionary interest in the property but may
4 enact other remedies enforceable by law.

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

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

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

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

20 (i) Residential development;

21 (ii) Mixed-use development; or

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

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

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

34 (d) (i) The city or county's applicable comprehensive plan was
35 previously subjected to environmental analysis through an
36 environmental impact statement under the requirements of this chapter
37 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:

27 (a) "Mixed-use development" has the same meaning as Provided in
28 section 3 of this act; and

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

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

1 NEW SECTION. **Sec. 8.** 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. 9.** 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. 10.** 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 multi family 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. 11.** 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

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.

Sec. 12. RCW 84.14.010 and 2024 c 332 s 17 are each amended to read as follows:

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

(1) "Affordable housing" means residential housing that is rented by a person or household whose monthly housing costs, including utilities other than telephone, do not exceed thirty percent of the 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, ((e-r)) (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 (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.

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.

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

Ufil "Substantial compliance" means compliance with local building or housing code requirements that are typically required for rehabilitation as opposed to new construction.

((++-8+)) 1.1.2..1 "Urban center" means a compact identifiable district where urban residents may obtain a variety of products and services. An urban center must contain:

(a) Several existing or previous, or both, business establishments that may include but are not limited to shops, 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. 13. 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

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; ((er))

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 of a city and meets the affordability requirements in
37 section 3(7) (a) of this act. A county may approve an exemption under
38 this subsection for multifamily residential housing within a station
39 area if the property otherwise qualifies for the exemption under this
40 chapter and meets the density requirements in section 3(2) (a) of this

act and affordability requirements in section 3(7)(a) of this act. A city or county must require the applicant to record a covenant or deed restriction that ensures the continuing rental or ownership of units subject to the affordability requirements in section 3(7)(a) of this act for a period of no less than 50 years. The covenant or deed restriction must also address criteria and policies to maintain public benefit if the Property is converted to a use other than one which continues to provide for permanently affordable low-income housing consistent with section 3(7)(a) of this act; and

(iii) Until December 31, 2026, for a city as defined in RCW 84.14.010(3) (d), for 12 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)(iii). For the property to qualify for the 12-year exemption under this subsection, the applicant must commit to renting or selling at least 20 percent of the multifamily housing units as affordable housing units to low and moderate-income households, the property must satisfy that commitment and any additional affordability and income eligibility conditions adopted by the local government under this chapter, and the area must be zoned to have an average minimum density equivalent to 15 dwelling units or more per gross acre, or for cities with a population over 20,000, the area must be zoned to have an average minimum density equivalent to 25 dwelling units or more per gross acre. In the case of projects intended exclusively for owner occupancy, the minimum requirement of this subsection (1)(a)(iii) may be satisfied solely through housing affordable to low-income or moderate-income households.

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

(c) For properties receiving an exemption as provided in (a)(ii)(B) of this subsection that are in compliance with existing contracts and where the certificate of tax exemption is set to expire after June 11, 2020, but before December 31, 2021, the exemption is extended until December 31, 2021, provided that the property must satisfy any eligibility criteria or limitations provided in this chapter as a condition to the existing exemption for a given property continue to be met. For all properties eligible to receive an extension pursuant to this subsection (1)(c), the city or county that

1 issued the initial certificate of tax exemption, as required in RCW
2 84.14.090, must notify the county assessor and the applicant of the
3 extension of the certificate of tax exemption.

4 (2) When a local government adopts guidelines pursuant to RCW
5 84.14.030(2) and includes conditions that must be satisfied with
6 respect to individual dwelling units, rather than with respect to the
7 multiple-unit housing as a whole or some minimum portion thereof, the
8 exemption may, at the local government's discretion, be limited to
9 the value of the qualifying improvements allocable to those dwelling
10 units that meet the local guidelines.

11 (3) In the case of rehabilitation of existing buildings, the
12 exemption does not include the value of improvements constructed
13 prior to the submission of the application required under this
14 chapter. The incentive provided by this chapter is in addition to any
15 other incentives, tax credits, grants, or other incentives provided
16 by law.

17 (4) This chapter does not apply to increases in assessed
18 valuation made by the assessor on nonqualifying portions of building
19 and value of land nor to increases made by lawful order of a county
20 board of equalization, the department of revenue, or a county, to a
21 class of property throughout the county or specific area of the
22 county to achieve the uniformity of assessment or appraisal required
23 by law.

24 (5) At the conclusion of the exemption period, the value of the
25 new housing construction, conversion, or rehabilitation improvements
26 must be considered as new construction for the purposes of chapters
27 84.55 and 36.21 RCW as though the property was not exempt under this
28 chapter.

29 (6) For properties that qualified for, satisfied the conditions
30 of, and utilized the exemption under subsection (1)(a)(ii)(A) or (B)
31 of this section, following the initial exemption period or the
32 extension period authorized in subsection (1)(c) of this section, the
33 exemption period may be extended for an additional 12 years for
34 projects that are within 18 months of expiration contingent on city
35 or county approval. For the property to qualify for an extension
36 under this subsection (6), the applicant must meet at a minimum the
37 locally adopted requirements for the property to qualify for an
38 exemption under subsection (1)(a)(ii)(B) of this section as
39 applicable at the time of the extension application, and the
40 applicant commits to renting or selling at least 20 percent of the

1 multi family housing units as affordable housing units for low-income
2 households.

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

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

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

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

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

32 An owner of property making application under this chapter must
33 meet the following requirements:

34 (1) The new or rehabilitated multiple-unit housing must be
35 ((located))◆

36 (a) Located in a residential targeted area as designated by the
37 city or county...i.._Q_I_

38 (b) Be located fully or Partially within a station area if
39 applying under RCW 84.14.020(1) (a) (ii) (D);

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

8 (3) The new, converted, or rehabilitated multiple-unit housing
9 must provide for a minimum of fifty percent of the space for
10 permanent residential occupancy. In the case of existing occupied
11 multifamily development, the multifamily housing must also provide
12 for a minimum of four additional multifamily units. Existing
13 multifamily vacant housing that has been vacant for twelve months or
14 more does not have to provide additional multifamily units;

15 (4) New construction multifamily housing and rehabilitation
16 improvements must be completed within three years from the date of
17 approval of the application, plus any extension authorized under RCW
18 84.14.090(5);

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

25 (6) The applicant must enter into a contract with the city or
26 county approved by the governing authority, or an administrative
27 official or commission authorized by the governing authority, under
28 which the applicant has agreed to the implementation of the
29 development on terms and conditions satisfactory to the governing
30 authority.

31 **Sec. 15.** RCW 84.14.060 and 2014 c 96 s 5 are each amended to
32 read as follows:

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

35 (a) A minimum of four new units are being constructed or in the
36 case of occupied rehabilitation or conversion a minimum of four
37 additional multifanrily units are being developed;

1 (b) If applicable, the proposed multiunit housing project meets
2 the affordable housing requirements as described in ((RCW 84.14.020))
3 this chaoter;

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

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

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

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

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

20 **Sec. 16.** RCW 84.14.090 and 2021 c 187 s 10 are each amended to
21 read as follows:

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

26 (a) A statement of the amount of rehabilitation or construction
27 expenditures made with respect to each housing unit and the composite
28 expenditures made in the rehabilitation or construction of the entire
29 property;

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

34 (c) If applicable, a statement that the project meets the
35 affordable housing requirements as described in ((RCW 84.14.020))
36 this chapter; and

37 (d) A statement that the work has been completed within three
38 years of the issuance of the conditional certificate of tax
39 exemption.

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

9 (3) If the rehabilitation, conversion, or construction is
10 completed within three years of the date the application for a
11 limited tax exemption is filed under this chapter, or within an
12 authorized extension of this time limit, and the authorized
13 representative of the city or county determines that improvements
14 were constructed consistent with the application and other applicable
15 requirements, including if applicable, affordable housing
16 requirements, and the owner's property is qualified for a limited tax
17 exemption under this chapter, the city or county must file the
18 certificate of tax exemption with the county assessor within ((4:::efi)
19 10 days of the expiration of the ((thirty)) 30-day period provided
20 under subsection (2) of this section.

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

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

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

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

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

33 (5) If the authorized representative of the city or county finds
34 that construction or rehabilitation of multiple-unit housing was not
35 completed within the required time period due to circumstances beyond
36 the control of the owner and that the owner has been acting and could
37 reasonably be expected to act in good faith and with due diligence,
38 the governing authority or the city or county official authorized by
39 the governing authority may extend the deadline for completion of
40 construction or rehabilitation for a period not to exceed ((twenty

1 -HI-(H:-)) 2...1 consecutive months. For preliminary or final applications
2 submitted on or before February 15, 2020, with any outstanding
3 application requirements, such as obtaining a temporary certificate
4 of occupancy, the city or county may choose to extend the deadline
5 for completion for an additional five years. The five-year extension
6 begins immediately following the completion of any outstanding
7 applications or previously authorized extensions, whichever is later.

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

21 **Sec. 17.** RCW 84.14.100 and 2021 c 187 s 5 are each amended to
22 read as follows:

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

31 (a) A statement of occupancy and vacancy of the rehabilitated or
32 newly constructed property during the twelve months ending with the
33 anniversary date;

34 (b) A certification by the owner that the property has not
35 changed use and, if applicable, that the property has been in
36 compliance with the affordable housing requirements as described in
37 [(RCW 94.14.020)] this chapter since the date of the certificate
38 approved by the city or county;

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

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

5 (2) All cities or counties, which issue certificates of tax
6 exemption for multiunit housing that conform to the requirements of
7 this chapter, must report annually by April 1st of each year,
8 beginning in 2007, to the department of commerce. A city or county
9 must be in compliance with the reporting requirements of this section
10 to offer certificates of tax exemption for multiunit housing
11 authorized in this chapter. The report must include the following
12 information:

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

14 (b) The total number and type of units produced or to be
15 produced;

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

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

19 (e) The total monthly rent or total sale amount of each unit
20 produced;

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

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

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

1 (b) If the review or audit required under (a) of this subsection
2 for a given property finds that the owner or operator is not offering
3 the number of units at rents as committed to in the approved
4 application or is not properly screening tenants for income-
5 restricted units, the department of commerce must notify the city or
6 county and the city or county must impose and collect a sliding scale
7 penalty not to exceed an amount calculated by subtracting the amount
8 of rents that would have been collected had the owner or operator
9 complied with their commitment from the amount of rents collected by
10 the owner or operator for the income-restricted units, with
11 consideration of the severity of the noncompliance. If a subsequent
12 review or audit required under (a) of this subsection for a given
13 property finds continued substantial noncompliance with the program
14 requirements, the exemption certificate must be canceled pursuant to
15 RCW 84.14.110.

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

20 (4) The department of commerce must provide guidance to cities
21 and counties, which issue certificates of tax exemption for multiunit
22 housing that conform to the requirements of this chapter, on best
23 practices in managing and reporting for the exemption programs
24 authorized under this chapter, including guidance for cities and
25 counties to collect and report demographic information for tenants of
26 units receiving a tax exemption under this chapter.

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

28 **Sec. 18.** RCW 84.14.110 and 2012 c 194 s 10 are each amended to
29 read as follows:

30 (1) If improvements have been exempted under this chapter, the
31 improvements continue to be exempted for the applicable period under
32 RCW 84.14.020, so long as they are not converted to another use and
33 continue to satisfy all applicable conditions. If the owner intends
34 to convert the multifamily development to another use, or if
35 applicable, if the owner intends to discontinue compliance with the
36 affordable housing requirements as described in ((RCW 84.14.020))
37 this chapter or any other condition to exemption, the owner must
38 notify the assessor within sixty days of the change in use or
39 intended discontinuance. If, after a certificate of tax exemption has

1 been filed with the county assessor, the authorized representative of
2 the governing authority discovers that a portion of the property is
3 changed or will be changed to a use that is other than residential or
4 that housing or amenities no longer meet the requirements, including,
5 if applicable, affordable housing requirements, as previously
6 approved or agreed upon by contract between the city or county and
7 the owner and that the multifamily housing, or a portion of the
8 housing, no longer qualifies for the exemption, the tax exemption
9 must be canceled and the following must occur:

10 (a) Additional real property tax must be imposed upon the value
11 of the nonqualifying improvements in the amount that would normally
12 be imposed, plus a penalty must be imposed amounting to twenty
13 percent. This additional tax is calculated based upon the difference
14 between the property tax paid and the property tax that would have
15 been paid if it had included the value of the nonqualifying
16 improvements dated back to the date that the improvements were
17 converted to a nonmultifamily use;

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

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

36 (2) Upon a determination that a tax exemption is to be canceled
37 for a reason stated in this section, the governing authority or
38 authorized representative must notify the record owner of the
39 property as shown by the tax rolls by mail, return receipt requested,
40 of the determination to cancel the exemption. The owner may appeal

1 the determination to the governing authority or authorized
2 representative, within thirty days by filing a notice of appeal with
3 the clerk of the governing authority, which notice must specify the
4 factual and legal basis on which the determination of cancellation is
5 alleged to be erroneous. The governing authority or a hearing
6 examiner or other official authorized by the governing authority may
7 hear the appeal. At the hearing, all affected parties may be heard
8 and all competent evidence received. After the hearing, the deciding
9 body or officer must either affirm, modify, or repeal the decision of
10 cancellation of exemption based on the evidence received. An
11 aggrieved party may appeal the decision of the deciding body or
12 officer to the superior court under RCW 34.05.510 through 34.05.598.

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

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

32 The governing authority of a city with a station area must adopt
33 and implement standards and guidelines to be used in considering
34 applications and making the determinations required under RCW
35 84.14.060. The standards and guidelines must establish basic
36 requirements for both new construction and rehabilitation, which must
37 include:

38 (1) Application process and procedures;

- 1 (2) Income and rent standards for affordable units that meet the
2 requirements of section 3(7)(a) of this act;
3 (3) Requirements that address demolition of existing structures
4 and site utilization; and
5 (4) Building requirements that comply with this act.

6 **Sec. 20.** RCW 82.02.060 and 2023 c 337 s 10 are each amended to
7 read as follows:

8 The local ordinance by which impact fees are imposed:

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

21 (a) The cost of public facilities necessitated by new
22 development;

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

28 (c) The availability of other means of funding public facility
29 improvements;

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

31 (e) The methods by which public facilities improvements were
32 financed;

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

38 (3) (a) May not impose an impact fee on development activities of
39 an early learning facility greater than that imposed on commercial

1 retail or commercial office development activities that generate a
2 similar number, volume, type, and duration of vehicle trips;

3 (b) When a facility or development has more than one use, the
4 limitations in this subsection (3) or the exemption applicable to an
5 early learning facility in subsections (2) and (4) of this section
6 only apply to that portion that is developed as an early learning
7 facility. The impact fee assessed on an early learning facility in
8 such a development or facility may not exceed the least of the impact
9 fees assessed on comparable businesses in the facility or
10 development;

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

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

31 (b) An exemption for early learning facilities granted under
32 subsection (2) of this section or this subsection (4) may be a full
33 waiver without an explicit requirement to pay the exempted portion of
34 the fee from public funds other than impact fee accounts if the local
35 government requires the developer to record a covenant that requires
36 that at least 25 percent of the children and families using the early
37 learning facility qualify for state subsidized child care, including
38 early childhood education and assistance under chapter 43.216 RCW,
39 and that provides that if the property is converted to a use other
40 than for an early learning facility, the property owner must pay the

1 applicable impact fees in effect at the time of conversion, and that
2 also provides that if at no point during a calendar year does the
3 early learning facility achieve the required percentage of children
4 and families qualified for state subsidized child care using the
5 early learning facility, the property owner must pay 20 percent of
6 the impact fee that would have been imposed on the development had
7 there not been an exemption within 90 days of the local government
8 notifying the property owner of the breach, and any balance remaining
9 thereafter shall be a lien on the property; and

10 (c) Covenants required by (a) and (b) of this subsection must be
11 recorded with the applicable county auditor or recording officer. A
12 local government granting an exemption under subsection (2) of this
13 section or this subsection (4) for low-income housing or an early
14 learning facility may not collect revenue lost through granting an
15 exemption by increasing impact fees unrelated to the exemption. A
16 school district who receives school impact fees must approve any
17 exemption under subsection (2) of this section or this subsection
18 (4) ;

19 (5) Shall provide a credit for the value of any dedication of
20 land for, improvement to, or new construction of any system
21 improvements provided by the developer, to facilities that are
22 identified in the capital facilities plan and that are required by
23 the county, city, or town as a condition of approving the development
24 activity;

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

29 (7) Shall include a provision for calculating the amount of the
30 fee to be imposed on a particular development that permits
31 consideration of studies and data submitted by the developer to
32 adjust the amount of the fee;

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

36 (9) May provide for the imposition of an impact fee for system
37 improvement costs previously incurred by a county, city, or town to
38 the extent that new growth and development will be served by the
39 previously constructed improvements provided such fee shall not be
40 imposed to make up for any system improvement deficiencies; ((frfile))

1 (10) Shall provide a 50 percent reduction of the impact fees
2 specified in the schedule of impact fees for svstem improvements
3 under RCW 82.02.090(7) (a) if the project is within a station area and
4 claiming a multiple-unit housing property tax exemption under RCW
5 84.14.020 (1) (a) (ii) (D); and

6 **I.III** Must adopt or amend by ordinance, and incorporate into their
7 development regulations, zoning regulations, and other official
8 controls the requirements of this section to take effect six months
9 after the jurisdiction's next periodic comprehensive plan update
10 required under RCW 36.70A.130.

11 For purposes of this section, "low-income housing" means housing
12 with a monthly housing expense, that is no greater than ((thirty)) 30
13 percent of ((eighty)) .B...Q percent of the median family income adjusted
14 for family size, for the county where the project is located, as
15 reported by the United States department of housing and urban
16 development.

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

19 **Sec. 21.** RCW 82.02.090 and 2023 c 121 s 2 are each amended to
20 read as follows:

21 The definitions in this section apply throughout this section and
22 RCW 82.02.050 through 82.02.080 unless the context clearly requires
23 otherwise.

24 (1) "Development activity" means any construction or expansion of
25 a building, structure, or use, any change in use of a building or
26 structure, or any changes in the use of land, that creates additional
27 demand and need for public facilities. "Development activity" does
28 not include:

29 (a) Buildings or structures constructed by a regional transit
30 authority; or

31 (b) Buildings or structures constructed as shelters that provide
32 emergency housing for people experiencing homelessness, or emergency
33 shelters for victims of domestic violence, as defined in RCW
34 70.123.020.

35 (2) "Development approval" means any written authorization from a
36 county, city, or -cown which authorizes the commencement of
37 development activity.

38 (3) "Impact fee" means a payment of money imposed upon
39 development as a condition of development approval to pay for public

1 facilities needed to serve new growth and development, and that is
2 reasonably related to the new development that creates additional
3 demand and need for public facilities, that is a proportionate share
4 of the cost of the public facilities, and that is used for facilities
5 that reasonably benefit the new development. "Impact fee" does not
6 include a reasonable permit or application fee.

7 (4) "Owner" means the owner of record of real property, although
8 when real property is being purchased under a real estate contract,
9 the purchaser is considered the owner of the real property if the
10 contract is recorded.

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

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

21 (7) "Public facilities" means the following capital facilities
22 owned or operated by government entities: (a) Public streets, roads,
23 and bicycle and pedestrian facilities that were designed with
24 multimodal commuting as an intended use; (b) publicly owned parks,
25 open space, and recreation facilities; (c) school facilities; and (d)
26 fire protection facilities.

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

32 (9) "Station area" has the same meaning as defined in RCW
33 36.70A.030.

34 11Q1 "System improvements" mean public facilities that are
35 included in the capital facilities plan and are designed to provide
36 service to service areas within the community at large, in contrast
37 to project improvements.

38 NEW SECTION. **Sec. 22.** Sections 12 through 19 of this act apply
39 to property taxes levied for collection in 2026 and thereafter.

1 NEW SECTION. **Sec. 23.** If specific funding for the purposes of
2 this act, referencing this act by **bill or** chapter number, is not
3 provided by June 30, 2025, in the omnibus appropriations act, this
4 act is null and void.

Passed by the House April 22, 2025.

Passed by the Senate April 15, 2025.

Approved by the Governor May 13, 2025.

Filed in Office of Secretary of State May 14, 2025.

--- **END** ---