Multiple Agency Fiscal Note Summary

Bill Number: 1491 HB	**Title:** Transit-oriented housing dev

Estimated Cash Receipts

NONE

Agency Name	2025-27		2027-29		2029-31	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Local Gov. Total						

Estimated Operating Expenditures

Agency Name	2025-27				2027-29				2029-31			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Commerce	4.2	1,933,750	1,933,750	1,933,750	4.2	1,421,950	1,421,950	1,421,950	4.2	1,409,950	1,409,950	1,409,950
Department of Transportation	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total $	**4.2**	**1,933,750**	**1,933,750**	**1,933,750**	**4.2**	**1,421,950**	**1,421,950**	**1,421,950**	**4.2**	**1,409,950**	**1,409,950**	**1,409,950**

Agency Name	2025-27			2027-29			2029-31		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other			633,000						7,751,500
Local Gov. Other	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Local Gov. Total			633,000						7,751,500

Estimated Capital Budget Expenditures

Agency Name	2025-27			2027-29			2029-31		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Commerce	1.6	500,802	500,802	2.1	658,870	658,870	2.1	650,870	650,870
Department of Commerce	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Department of Transportation	.0	0	0	.0	0	0	.0	0	0
Total $	**1.6**	**500,802**	**500,802**	**2.1**	**658,870**	**658,870**	**2.1**	**650,870**	**650,870**

Agency Name	2025-27			2027-29			2029-31		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

FNPID 73362

Estimated Capital Budget Breakout

Agency Name	2025-27	2027-29	2029-31
	Total	**Total**	**Total**
Department of Commerce			
Staff	**500,802**	**658,870**	**650,870**
	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.		
Total $	**500,802**	**658,870**	**650,870**

Prepared by: Marie Davis, OFM	**Phone:** (360) 890-1163	**Date Published:** Revised 2/23/2025

Individual State Agency Fiscal Note

Revised

Bill Number: 1491 HB	Title: Transit-oriented housing dev	Agency: 103-Department of Commerce

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	4.2	4.2	4.2	4.2	4.2
Account					
General Fund-State 001-1	868,750	1,065,000	1,933,750	1,421,950	1,409,950
Total $	868,750	1,065,000	1,933,750	1,421,950	1,409,950

Estimated Capital Budget Impact:

	2025-27		2027-29		2029-31	
	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Predesign/Design	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Grants/Loans	0	0	0	0	0	0
Staff	175,367	325,435	325,435	333,435	325,435	325,435
Other	0	0	0	0	0	0
Total $	**175,367**	**325,435**	**325,435**	**333,435**	**325,435**	**325,435**

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

☒ If fiscal impact is greater than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☐ If fiscal impact is less than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☒ Capital budget impact, complete Part IV.

☒ Requires new rule making, complete Part V.

Legislative Contact:	Serena Dolly	Phone: 360-786-7150	Date: 01/22/2025
Agency Preparation:	Jodi Barnes	Phone: (564) 669-0071	Date: 02/13/2025
Agency Approval:	Jodi Barnes	Phone: (564) 669-0071	Date: 02/13/2025
OFM Review:	Marie Davis	Phone: (360) 890-1163	Date: 02/23/2025

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

HB 1491 requires local governments to plan for high-density development around transit stops, both rail and bus rapid transit (BRT). This will require significant leadership from Commerce to create a preemptive transit-oriented development (TOD) model ordinance, provide technical assistance and grants (subject to appropriation), and make decisions on modifications to station areas.

Section 3 adds a new section to chapter 36.70A RCW, the Growth Management Act (GMA), making new regulation requirements for city station areas. This section requires the Department of Commerce (Department) to develop guidance to convert other measures of intensity to the densities required by the bill. Section 3 also requires the Department to develop and publish a model transit-oriented development ordinance by June 30, 2027. This model also must be sufficient to supersede, preempt, and invalidate local development regulations until the city takes all actions necessary to implement the bill. Section 3 also requires the Department to create an application process for displacement extensions. The Department may approve alternative actions which substantially comply with the bill. The review process and standards must be established by rule.

Section 4 adds a new section to the GMA requiring the Department to establish and administer a capital grant program for infrastructure in station areas, subject to appropriation.

Section 5 adds a new section to the GMA requiring the Department to accept empirical parking studies and determine if, for safety reasons, a city can deviate from the parking limitations in the bill.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

An analysis of stops as defined by the bill identifies 1,365 stops across the state. Many of these stops are grouped together in larger population centers. HB 1491 requires the Department to:

1. Develop a pre-emptive model for Transit-Oriented Development (TOD) ordinances.
2. Provide guidelines for calculating floor area ratios.
3. Establishing a process and criteria for approving alternative actions.
4. Create a process and criteria for granting extensions in areas with high displacement risk.
5. Review parking studies to approve deviation from parking standards.
6. Conduct a rulemaking process.

The Department assumes that the rulemaking process will take two years. The Department assumes entering into one professional services contract to develop the model ordinance and a second professional services contract to develop the guidance on floor area ratio calculation, the alternative action materials, the extension materials, and the parking study materials.

The Department assumes Section 4 will require the formation of a new capital grant program. The program proposed under this act will be formed contingent on a legislative appropriation in the operating budget.

The Department assumes formation of the TOD program in Section 4 would be a covered agency action and require an environmental justice assessment.

0.20 FTE WMS Band 2 (416 hours) FY26-31. This staff will provide leadership, oversight, supervision and decision-making of the overall program elements. This staff will provide expert policy advice or consultation on various issues specific to the program and to areas that have agency-wide implications. This staff may also represent the Department at both the state and federal levels of government.

1.0 FTE Commerce Specialist 5 (2,088 hours) FY 26-FY31. This staff member will hire staff and provide day-to-day direction of staff. This includes assigning contracts and program planning elements to staff. Staff will also provide support work to policy and rule development. Staff will present advanced technical business information to the Housing Section Manager. This staff will also lead the environmental justice assessment needed to comply with the Healthy Environment for All (HEAL) Act.

1.0 FTE Management Analyst 4 (2,088 hours) FY26-27. This staff will manage the rulemaking process. This staff will also complete coordination with other state agency partners including the Washington State Department of Transportation.

2.0 FTE Commerce Specialist 3 (2,088 hours) FY 26-31. These staff will provide capacity around solicitation, origination, management, and the monitoring of project contracts. This staff will assist senior management with drafting legislation, representing the agency, developing policy positions, and coordinating the state's role with respect to the implementation of new local government requirements to meet the transit-oriented development standards described in the bill. These staff will also review submittal of alternative actions, extensions for areas at high risk of displacement, and deviations from parking requirements.

Salaries and Benefits:
FY26-FY31: $507,477 per fiscal year

Professional Services Contracts: The Department assumes it will require two professional services contracts. (1) to complete the workgroup and outreach activities necessary to develop a pre-emptive model ordinance for transit-oriented development by June 30, 2027 (FY26: $100,00 and FY27: $250,000). (2) To develop the processes and criteria for alternative actions, extensions, and parking deviations (FY 26: $50,000 and FY 27: $100,000). The Department assumes experienced contractors with expertise in facilitation, and TOD will be required to develop the model ordinance, including a contractor with expertise in parking deviations, which are both highly technical skill sets.
FY26: $150,000
FY27: $350,000

Goods and Services: In addition to Department standard assumptions, the Department assumes that a review of the model ordinance and rulemaking materials by an Assistant Attorney General will be necessary. We estimate a need for 50 hours of AAG time in FY27 at a rate of $165/hour. The Department assumes the need for two Geographic Information System software licenses at $10,000 per fiscal year to map station areas and to evaluate extension and alternative action requests. The Department assumes an annual ZoomGrants license at $3,438 per fiscal year will be required for grant applications.
FY26: $25,638
FY27: $33,888
FY28-31: $25,638 per fiscal year

Travel: In addition to Department standard assumptions, the Department assumes that staff will need to travel to complete outreach and learn in high transit areas to develop the pre-emptive model ordinance and attend conferences to develop and train on TOD best practices. We anticipate two staff will need to complete two trips each year, each trip will take three days and include renting a vehicle, meals, and lodging.
FY26-27: $6,675 per fiscal year

FY28-31: $4,900 per fiscal year

Equipment:
FY26: $12,000
FY29: $12,000

Intra-agency reimbursements:
FY26-31: $166,960 per fiscal year

Total Costs:
FY26: $868,750
FY27: $1,065,000
FY28: $704,975
FY29: $716,975
FY30-FY31: $704,975 per fiscal year

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
001-1	General Fund	State	868,750	1,065,000	1,933,750	1,421,950	1,409,950
		Total $	868,750	1,065,000	1,933,750	1,421,950	1,409,950

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	4.2	4.2	4.2	4.2	4.2
A-Salaries and Wages	381,176	381,176	762,352	762,352	762,352
B-Employee Benefits	126,301	126,301	252,602	252,602	252,602
C-Professional Service Contracts	150,000	350,000	500,000		
E-Goods and Other Services	25,638	33,888	59,526	51,276	51,276
G-Travel	6,675	6,675	13,350	9,800	9,800
J-Capital Outlays	12,000		12,000	12,000	
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	166,960	166,960	333,920	333,920	333,920
9-					
Total $	868,750	1,065,000	1,933,750	1,421,950	1,409,950

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2026	FY 2027	2025-27	2027-29	2029-31
Commerce Specialist 3	84,518	2.0	2.0	2.0	2.0	2.0
Commerce Specialist 5	98,040	1.0	1.0	1.0	1.0	1.0
Management Analyst 4	88,794	1.0	1.0	1.0	1.0	1.0
WMS Band 2	126,529	0.2	0.2	0.2	0.2	0.2
Total FTEs		4.2	4.2	4.2	4.2	4.2

III. D - Expenditures By Program (optional)

Program	FY 2026	FY 2027	2025-27	2027-29	2029-31
Local Government Division (600)	868,750	1,065,000	1,933,750	1,421,950	1,409,950
Total $	868,750	1,065,000	1,933,750	1,421,950	1,409,950

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
057-1	State Building Construction Account	State	175,367	325,435	500,802	658,870	650,870
		Total $	175,367	325,435	500,802	658,870	650,870

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	1.1	2.1	1.6	2.1	2.1
A-Salaries and Wages	87,185	174,371	261,556	348,742	348,742
B-Employee Benefits	30,172	60,343	90,515	120,686	120,686
C-Professional Service Contracts					
E-Goods and Other Services	10,350	11,400	21,750	22,800	22,800
G-Travel	1,050	2,100	3,150	4,200	4,200
J-Capital Outlays	8,000		8,000	8,000	
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	38,610	77,221	115,831	154,442	154,442
9-					
Total $	175,367	325,435	500,802	658,870	650,870

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

Construction Estimate	FY 2026	FY 2027	2025-27	2027-29	2029-31
Predesign/Design					
Construction					
Grants/Loans					
Staff	175,367	325,435	500,802	658,870	650,870
Other					
Total $	175,367	325,435	500,802	658,870	650,870

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

Job Classification	Salary	FY 2026	FY 2027	2025-27	2027-29	2029-31
Commerce Specialist 2	72,924	0.5	1.0	0.8	1.0	1.0
Commerce Specialist 4	88,794	0.5	1.0	0.8	1.0	1.0
WMS Band 2	126,529	0.1	0.1	0.1	0.1	0.1
Total FTEs		1.1	2.1	1.6	2.1	2.1

HB 1491 requires the Department to create and administer a new infrastructure capital grant program if funds are appropriated. Administration of the grant program proposed in Section 4 of this act will be contingent on receiving a legislative appropriation in the capital budget. That appropriation is indeterminate and grant awards under this act are dependent on the appropriation level. The Department assumes 3% administrative costs and the staffing levels assumed below. The following costs and assumptions are for illustrative purposes only.

Agency assumptions:

The Department assumes the program would be operational by January 1, 2026, and would begin its first grant cycle after that date, pending legislative appropriation. The Department has provided transit-oriented development planning grants and currently operates an infrastructure capital grant program. The Department assumes one full time staff member is able to carry a capital contract caseload of 30 contracts per year.

Staffing assumptions

0.05 FTE WMS Band 2 (104 hours), in FY26 and 0.10 FTE (209 hours) thereafter FY27-FY31 to provide leadership, oversight, supervision and expertise of financed projects and consultation on issues specific to contract execution and project delivery, including portfolio management.

0.5 FTE Commerce Specialist 4 (1,044 hours) FY26 and 1.0 FTE (2,088 hours) FY27-FY31 to assign contracts and provide contract negotiation and execution support, lead project site monitoring and site visits and oversight of contract management activities

0.5 FTE Commerce Specialist 2 (1,044 hours) FY26 and 1.0 FTE (2,088 hours) FY27-FY31 to provide contract management and program technical assistance in support of capital contracts and invoice verification, providing or building capacity around solicitation, origination, management, and the monitoring of project contracts.

Salaries and Benefits:

FY26: $117,357

FY27-31: $234,714 per fiscal year

Goods and Services

The Department assumes review from an Assistant Attorney General of the grant program materials will be necessary. We estimate the need for 20 hours of AAG hours at a cost of $165 per hour each year the grant program makes awards.

FY26: $10,350

FY27-31: $11,400 each fiscal year

Travel:

FY26: $1,050

FY27-31: $2,100 per fiscal year

Equipment:

FY26: $8,000

FY29: $8,000

Intra-agency Reimbursements:

FY26: $38,610

FY27-29: $77,221 per fiscal year

Total Costs:

FY26: $175,367

FY27-28: $325,435 per fiscal year

FY29: $333,435

FY30-31: $325,435

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

The Department will require rulemaking to update WAC 365-196 and 365-199 under this act.

Individual State Agency Fiscal Note

Bill Number: 1491 HB	**Title:** Transit-oriented housing dev	**Agency:** 405-Department of Transportation

Part I: Estimates

☒ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

☐ If fiscal impact is greater than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☐ If fiscal impact is less than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐ Capital budget impact, complete Part IV.

☐ Requires new rule making, complete Part V.

Legislative Contact:	Serena Dolly	Phone: 360-786-7150	Date: 01/22/2025
Agency Preparation:	Cherryl Steben	Phone: 360-705-7919	Date: 01/28/2025
Agency Approval:	Brian Lagerberg	Phone: 360-705-7878	Date: 01/28/2025
OFM Review:	Brooke Gore	Phone: (564) 669-0703	Date: 01/29/2025

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

See attached agency fiscal note.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: HB 1491	**Title:** Transit Oriented Housing Dev	**Agency:** 405-Department of Transportation

Part I: Estimates

- [x] No Fiscal Impact (Explain required in section II. A)
- [ ] Indeterminate Cash Receipts Impact (Explain in section II. B)
- [ ] Partially Indeterminate Cash Receipts Impact (Explain in section II. B)
- [ ] Indeterminate Expenditure Impact (Explain in section II. C)
- [ ] Partially Indeterminate Expenditure Impact (Explain in section II. C)

- [ ] If fiscal impact is less than $50,000 per fiscal year in the current biennium or in subsequent biennia, **complete entire fiscal note form Parts I-V**
- [ ] If fiscal impact is greater than $50,000 per fiscal year in the current biennium or in subsequent biennia, **complete entire fiscal note form Parts I-V**
- [ ] Capital budget impact, **complete Part IV**
- [ ] Requires new rule making, **complete Part V**
- [ ] Revised

Fiscal Detail
N/A

Agency Assumptions

N/A

Agency Contacts:

Preparer: Cherryl Steben, Business Analyst	Phone: 360-705-7919	Date: 1/24/2025
Approval: Brian Lagerberg, PTD Director	Phone: 360-705-7878	Date: 1/24/2025
Budget Manager: Robert Sirghie, Budget Manager	Phone: 360-705-7546	Date: 01/28/2025

Part II: Narrative Explanation

II. A - Brief description of what the measure does that has fiscal impact
This bill has no fiscal impact on the Washington State Department of Transportation. This impacts cities, towns, transit agencies, Metropolitan Planning Organizations/Regional Transportation Planning Organizations, land use and community-based non-profits, affordable housing and other developers required to engage in new planning efforts in order implement the law changes.

II. B – Cash Receipts Impact
N/A

II. C - Expenditures
The department has no fiscal impact.
N/A

Individual State Agency Fiscal Note

Part III: Expenditure Detail

III. A - Expenditures by Object or Purpose
N/A

Part IV: Capital Budget Impact
N/A

Part V: New Rule Making Required
N/A

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1491 HB	**Title:** Transit-oriented housing dev

Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

[X] Cities: Increased costs due to new zoning and development regulations, associated analysis, and new zoning maps; increased indeterminate costs related to updated comprehensive plan elements and antidisplacement analysis near transit and adopting related policies

[ ] Counties:

[ ] Special Districts:

[X] Specific jurisdictions only: 36 cities fully planning under the Growth Management Act with major transit stops or major transit stations.

[X] Variance occurs due to: Some fully planning cities do not have major transit stops.

Part II: Estimates

[ ] No fiscal impacts.

[X] Expenditures represent one-time costs: Ordinance adoption and analysis costs.

[X] Legislation provides local option: Applying for grants specified in this act, continuation of existing affordability requirements in ne development if they exceed the standards in this act, and extensions in areas identified as being at a high risk of displacement.

[X] Key variables cannot be estimated with certainty at this time: Scope and scale of comprehensive plan amendments.

Estimated revenue impacts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated expenditure impacts to:

Jurisdiction	FY 2026	FY 2027	2025-27	2027-29	2029-31
City	316,500	316,500	633,000		7,751,500
TOTAL $	316,500	316,500	633,000		7,751,500
GRAND TOTAL $					**8,384,500**

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

Part III: Preparation and Approval

Fiscal Note Analyst: Dalton Huey	Phone: 360-725-5035	Date: 01/28/2025
Leg. Committee Contact: Serena Dolly	Phone: 360-786-7150	Date: 01/22/2025
Agency Approval: Jordan Laramie	Phone: 360-725-5044	Date: 01/28/2025
OFM Review: Marie Davis	Phone: (360) 890-1163	Date: 01/28/2025

Part IV: Analysis

A. SUMMARY OF BILL

Description of the bill with an emphasis on how it impacts local government.

For cities fully planning under the Growth Management Act (GMA), this legislation would establish new transit-oriented development (TOD) and zoning requirements that would increase residential density near certain transit stops.

With some exceptions, this act establishes that cities planning under the GMA may not enact or enforce any new development regulation within a transit station area that prohibits the siting of multifamily residential housing on parcels where any other residential use is permissible. These cities may not enact or enforce any new development regulation within a station area that imposes a maximum floor area ratio (FAR) of less than the applicable transit-oriented density for any use otherwise permitted, or imposes a maximum residential density (measured in residential units per acre or other metric of land area) and requires that buildings constructed within the station area provide some units as affordable or workforce housing.

This act expands the categorical exemption for infill development to facilitate residential, mixed-use, and commercial construction in transit-oriented areas specified by this legislation.

Subject to appropriation, the Department of Commerce (Commerce) must establish and administer a capital grant program to assist cities in providing the infrastructure necessary to accommodate development at transit-oriented development densities within station areas, including water, sewer, stormwater, transportation, parks, and recreation facilities.

Sec. 2 would amend 36.70A.030 RCW to add definitions of FAR, station area, and workforce housing.

Sec. 3 would be a new section added to 36.70A RCW
(1) Cities may not enforce or enact any development regulation within a station area that would restrict the siting of multifamily residential housing on parcels where any other residential use is permitted.
(2) Cities must allow new residential and mixed-use development of at least 3.5 FAR within one half mile walking distance of train stations and 2.5 FAR within one quarter mile of bus rapid transit systems and may not impose a maximum residential density (measured in residential units per acre or other metric of land area).
(3) Defines mixed use development and transit stops, excluding those stops used exclusively for bus service but including all future stops included in six-year transit development plans.

As an alternative, cities may designate parts of a station area in which to enact or enforce FARs that are more or less than the applicable transit-oriented density if the following condition is met: the average maximum FAR of all buildable land within a station area is no less than the applicable transit-oriented density.

(5) Requires that all buildings within the station area which are fully dedicated to affordable, or workforce, housing receive a 1.5 FAR density bonus in addition to required station densities.
(6) Exempts the floor area in units with more than three bedrooms from FAR calculations. Cities may require these units to comply with affordability requirements to be eligible for the exemption.
(7) Allows cities to have some sections of station areas with higher or lower than required station area density as long as the average conforms to required densities.
(8) Requires buildings built within station areas to reserve 10% of units as affordable housing or 20% of units as workforce housing, unless cities affordable housing or comparable in-lieu payment requirements which exceed those in this section.
(9) and (10) allow cities to continue their existing incentive programs if applicable.
(12) Exempts agricultural and industrial uses and areas from the requirements of this section.
(14) These increased density requirements do not apply to parcels on which the development standards would be impracticable to build a useable structure. The requirements of this section do not apply to development standards

contained in a shoreline master program, critical area ordinance, or for parcels listed in the Washington heritage register, or the national register of historic places.

(15) Affirms that this section applies to cities which have adopted growth targets under 36.71A.210 RCW

(16) Requires cities to implement these standards by the earlier of December 31, 2029 or the first implementation progress report due after December 31, 2024 and subsequently after each comprehensive plan or progress report that occurs after the opening of a qualifying transit station. Those cities which have comprehensive plans due between December 31, 2024 and December 31, 2029 must comply within six months of the completion of their next comprehensive plan due date.

(17) Requires Commerce to publish a model ordinance which will automatically supersede and preempt all local development regulations of cities which do not meet these deadlines until the city takes all necessary actions to implement this section.

(18) Allows cities to seek five-year extensions in implementation in areas with high displacement risk.

(19) Allows cities to seek alternative compliance as long as their proposed plans are substantially similar to the standards in this section and meet additional requirements. Alternate plans must be approved by Commerce.

Sec. 4 would add a new section to 36.70A RCW requiring Commerce to establish a grant program to assist cities in providing the infrastructure necessary to support higher density development, including water, sewer, stormwater, parks and transportation facilities.

Sec. 5 would add a new section to 36.70A RCW which would prohibit cities from requiring off-street parking for residential and mixed-use development in station areas, except for parking reserved for people with disabilities and short-term delivery areas, if the local government submits a study demonstrating the need for parking requirements, and to portions of cities within a one-mile radius of major airports. Cities are allowed to require buildings to provide parking spots that are built in excessive of these requirements to affordable units or to unbundle them from rental costs.

Sec. 6 would amend 43.21C.299 RCW to establish a new SEPA categorical exemption for infill development to facilitate the deployment of sustainable transit-oriented development. Infill development consisting of multifamily residential or mixed used in station areas, which are consistent with the jurisdiction's comprehensive plan, would be included in the SEPA categorical exemption for infill development.

Secs. 7, 8, 9 and 10 regulate common interest communities within station areas.

The bill takes effect 90 days after adjournment of the session in which the bill is passed.

B. SUMMARY OF EXPENDITURE IMPACTS

Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.

The proposed legislation would have both determinate and indeterminate impacts on cities planning under the provisions of the Growth Management Act (GMA) and that have major transit stops and major transit stations. Consultation with the Puget Sound Regional Council (PSRC) indicates that at least 36 cities would be impacted by this legislation.

For expenses that can be estimated at this time, there may be costs of approximately $8.4 million ($3,384,000 for new zoning ordinances and development regulations + $108,000 for new zoning maps and documents + $4,784,500 in comprehensive plan amendments + $108,000 in ordinance adoption costs for new State Environmental Policy Act (SEPA) categorical exemption for infill development near transit). New zoning ordinances and development regulations, zoning maps, and ordinances for SEPA infill exemptions would likely occur within one year of the effective date of this act. The costs for the comprehensive plan element amendments would start FY26 and continue until FY30 for the last jurisdiction that updates its comprehensive plan.

There may be additional indeterminate costs for conducting antidisplacement analysis and adopting related policies if cities choose to conduct them. As this is a local option, there is no impact to cities that do not take action.

Applying for the grants in Sec. 4 would be a local option for jurisdictions that choose to pursue grants for the specific purposes of this act from Commerce. As this is a local option, there is no impact to cities that do not take action.

IMPACT OF SECTION 3
Adopting New Zoning Ordinances and Development Regulation around Station Areas and Station Hubs:
$3,384,000 – Costs that can be estimated at this time would exceed $3.3 million for 36 cities with starting costs of $94,000 per city to amend local code through a variety of new ordinances including zoning, development regulations, and permitting.

The provisions of Sec. 3(17) establish that the floor area ratios of 3(2) would supersede established residential density provisions of local code in areas designated as transit station areas, as of adoption deadline. Cities with transit stations (Sec. 1 (51)) would be required to adopt zoning ordinances and development regulations that provide for increased density within half a mile walking distance of a transit station and a quarter mile of a bus rapid transit stop. Consultation with the Puget Sound Regional Council shows there are at least 36 fully planning cities meeting the definition of transit station areas that this bill would affect.

This work would involve modifying existing local zoning designation and residential use for any residential lot that qualify as a transit station area in Sec. 1 and create a new designation and use. Amending existing code generally carry higher costs than implementing new code and this work would also extend to any permitting process (site development plan review, variance, conditional use permits), environmental review, and zoning overlays that currently exist within the jurisdiction. Cities impacted by this bill would have to determine which zones are impacted and which ones already comply with the density requirements, if applicable floor area rations are compatible with the definitions in Sec. 3(2).

Costs for provisions in Sec. 3 include: analyzing comprehensive plan policies and municipal code to determine extent of amendments required; drafting informational materials on reasons for, and approach to, allowing high-density residential developments using floor area ratios (e.g. design regulations to ensure compatibility) for public review; conducting outreach to inform and solicit feedback from residential neighborhoods and developers; drafting proposed amendments for the city's planning commission considerations; a planning commission public hearing and recommendation to the city council; a presentation of the city planning commission's recommendations to the city council; and a city council public hearing and action.

Costs to amend each portion of local code to conform to the requirements of this act may be similar to the grant averages provided by the Department of Commerce in S HB 2343 (2020) where $4 million in funding had been awarded to 52 fully planning cities with populations over 20,000 to increase residential building capacity under RCW 36.70A.600. The average grant award was $77,000 per city ($94,000 in 2024 dollars). The implementation of the ordinances to amend local code would begin in 2025 based on the effective date of the bill but the timing of adopting increased density near transit into local code would likely vary based on the capacity of cities required to adopt such ordinances.

36 fully planning cities x $94,000 = $3,384,000

Some jurisdictions may elect not to bring their codes into conformity with the requirements of this legislation prior to the applicable deadline. In these jurisdictions, the provision will automatically apply and take effect. It is unclear if these jurisdictions would incur any legal costs based upon codes that do not conform to the required code measures. Such costs cannot be anticipated in advance and are indeterminate.

If a jurisdiction were unable to update their code by the effective date and their code were superseded by state statute, there would be increased workload for local government staff to parse their code and differentiate which portions were still enforceable and which were superseded. This would increase the staff time needed to administer their code by an unknown amount, and impact cities that did not implement the ordinance established by this act by the applicable deadline

Updated Zoning Maps and Zoning Documents
$108,000 – For cities that need to revise residential development patterns based on the presence of major transit stops and stations, there would be requirements to adopt new zoning maps and zoning documents reflecting the changes to local zoning.

Costs for cities and counties to adopt new zoning maps may start at $3,000 per jurisdiction and would include changes to printed documents and digitally accessible maps. These costs would be incurred concurrently with the updated zoning and development regulation ordinances.

36 cities x $3,000 = $108,000

Amended Comprehensive Plan Elements
$4,784,500 – Amending comprehensive plan elements would have costs ranging from approximately $32,000 to $108,000 per element for the 36 fully planning cities impacted by this bill. These costs assume that the comprehensive plan element amendments are complex and would be incorporated into existing work cities are conducting with their periodic comprehensive updates. However, these costs depend on the complexity of the amendment, the population size of the jurisdiction, the number of transit station areas and hubs, the internal capacity to perform the element amendments within the planning department, and other factors. These costs would be experienced in all cities with transit station areas or transit station hubs, as the assessed density required to accommodate growth over the next 20-year period within the UGA has increased. Costs may be higher in jurisdictions with greater number of mass transit stops and mass transit stations.

The Housing elements of cities' comprehensive plans would need to be amended to account for the increased density permitted in the UGA to match projected population growth. Land capacity analysis is a requirement of Housing elements within the next periodic update cycle per HB 1220 (2021). Expanding density with identified patterns of mass transit stops and station, under the provisions of this act, would change the analysis planning that jurisdictions undertake when updating these elements from 2025 to 2029 per RCW 36.70A.130. Housing elements generally require complex amendments, however the scope and scale of the updates required by this act would have varying complexities depending on the identified density increase to meet the population projection that are specific to a jurisdiction's UGA. These element amendments may have per city costs ranging from $32,475 to $108,250. If the updates require minor element amendments these costs could approximate to $16,000 to $32,500.

The Capital facilities plan elements of cities' comprehensive plans would need to be amended to account for the increased density permitted in the UGA to match projected population growth over the 20-year period. Capital Facilities Plan elements are a critical component in the process prescribing allowable density within a UGA because the plans must demonstrate that UGAs can be supported with adequate facilities, services, and funding to sustain urban development. Capital facilities plans, in conjunction with six-year capital improvement plans, can help jurisdictions use limited funding effectively to maximize financing opportunities to support urban services in these areas. Due to the provisions of this bill, cities would have higher density requirements within the UGA near transit, and planning jurisdictions would have to identify and plan for additional capital facilities' needs and funding within their UGA, including operations and maintenance. Capital facilities plan elements generally require complex amendments. However, the scope and scale of the updates required by this act would have varying complexities depending on potentially increased residential density, which are specific to a jurisdiction's UGA. These element amendments may have per city costs ranging from $32,475 to $108,250. If the updates require minor element amendments these costs could approximate to $16,000 to $32,500.

Estimate for Comprehensive Plan Element Update:
These costs assume that the comprehensive plan element amendments are complex, and would be incorporated into

existing work cities are conducting with their periodic comprehensive updates. However, these costs depend on the complexity of the amendment, the population size of the jurisdiction, the number of transit station areas and hubs, the internal capacity to perform the element amendments within the planning department, and other factors.

These comprehensive plan element costs use estimates for complex element updates from HB 1181 (2023). Large cities are cities with greater than 100,000 in population, while medium size cities have populations between 10,000 and 100,000 in population, and small cities have less than 10,000 in population.

Two complex element amendments:
Small sized cities: $32,475 x 2 = $64,950
Medium sized cities: $54,125 x 2 = $108,250
Large sized cities: $108,250 x 2 = $216,500

2 small cities
2 x $64,950 = $129,950

25 medium cities
25 x $108,250 = $2,706,250

9 large cities,
9 x $216,500= $1,948,500

Total element update costs: $4,784,500

The following per fiscal year costs estimates assume that the amendments to long-range planning that jurisdictions undertake occurs during the next periodic update cycle for these elements as specified by RCW 36.70A.130, and follow the two-year planning and implementation timeline specified by Commerce:

FY
2026 $216,500
2027 $216,500
2030 $4,352,000
Total: $4,784,500

GRANTS AUTHORIZED IN SEC. 4
Grants authorized by Sec. 4
Local Option - Per Sec. 4 any city subject to the requirements of this section may apply to Commerce to assist in providing the infrastructure necessary to accommodate development at transit oriented development densities within station areas, including water, sewer, stormwater, transportation, parks, and recreation facilities

COSTS TO AMEND CODE FOR SEPA CATEGORICAL EXEMPTION:
Illustrative Cost Example:
There 36 cities that plan under the GMA that may have costs starting at $3,000 to adopt new categorical infill exemptions for increased development in transit station areas and transit station hubs. If these jurisdictions adopted the provisions of Sec. 9 the costs may be approximately $108,000. However, an unknown number of jurisdictions would likely amend the municipal code in a way that requires more costly updates than a simple ordinance with a hearing of the same complexity.

Sec. 6 establishes a new SEPA categorical exemption for infill development to facilitate the deployment of sustainable transit-oriented development. Infill development consisting of multifamily residential, mixed-use, or commercial develop in transit station hubs or transit station areas, which are consistent with the jurisdiction's comprehensive plan, would be included in the SEPA categorical exemption for infill development. Many jurisdictions have adopted SEPA categorical exemptions by reference and incorporating the provisions of this act for residential infill development may carry minimal costs for these jurisdictions. However, other jurisdictions may need to amend other development and zoning regulations to incorporate the changes to existing infill development exemptions, which would have additional costs. The number of cities and counties that would choose one option or the other cannot be determined in advance.

The Local Government Fiscal Program Unit Cost Model estimates that the cost the typical cost per jurisdiction to adopt an ordinance with a hearing of the same complexity from $3,000 for a simple ordinance to $9,492 for a complex ordinance. These estimates include costs for draft ordinances, advisory commission meeting and recommendation, finalized ordinance, publication of ordinance, and general public information. Assuming these ordinances are complex, with a hearing of the same complexity the following ordinance adoption costs can be estimated:

All cities adopting the new SEPA categorical exemption by reference: 36 x $3,000 = $108,000

Illustrative Example of Amended Local Code for SEPA Infill Development near Transit:
If half of the 36 cities that plan under the GMA with station areas and station hubs would have to amend their existing code to conform to the new SEPA categorical exemptions, as described in this legislation, the total illustrative estimated costs would be:

Cities adopting SEPA categorical exemption by reference: 18 x $3,000 = $54,000
Cities adopting more expanse SEPA categorical exemption: 18 x $10,550 = $189,900

Illustrative Estimate Total: $243,900

C. SUMMARY OF REVENUE IMPACTS

Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.

This legislation would result in indeterminate revenues for cities, as they would receive funds as grants from Commerce administered capital grants under the legislation. For the purposes of this fiscal note, it is unknown how much total funding would be made available, nor how much funding would be specified for each individual grant.

SOURCES:
Association of Washington Cities
Ben Franklin Transit, Metro 1 & Metro 3 Schedules
Clark County, C-Tran
Department of Commerce, FN S HB 2343 (2020)
Department of Commerce, FN HB 2020 (2022)
King County, Rapid Line
Local Government Fiscal Note Program, FN HB 1110 (2023)
Local Government Fiscal Note Program, FN HB 1181 (2023)
Local Government Fiscal Note Program, FN HB 1402 (2023)
Local Government Fiscal Note Program, FN HB 2020 (2022)
Local Government Fiscal Note Program, FN HB 1517 (2023)
Local Government Fiscal Note Program, Unit Cost Model (2025)
Municipal Research and Services Center, Growth Management Act
Municipal Research and Services Center, Local Ordinances for Washington Cities and Counties (2015)
Pierce Transit, Pierce Transit BRT
Puget Sound Regional Council
Senate Bill Analysis, SB 5466 (2023)
Snohomish County, Community Connections Blue Line

Sound Transit, Sounder Train Station
Spokane Transit Authority
Washington State Association of Counties
Washington State Department of Transportation, Frequent Transit Service Study Initial Report (2022)
Washington State Department of Transportation, Link Light Rail
Washington State Department of Transportation, Park and Ride Locations